

MAR 9 1931

MARCH 11, 1931

THE

BUSINESS  
WEEKBUSINESS  
INDICATOR

Signs of spring are more striking in foreign than domestic news . . . . Strengthening of commodity and security markets, slight declines in unemployment in Britain and Germany may be mainly seasonal symptoms; but the naval agreement, the promise of peace in India, the many-sided moves toward opening long-term capital markets in Europe are fundamentally constructive factors making for revival of confidence — now the crux of recovery . . . . To these, domestic developments have added little beside the relief from Congressional chaos . . . . Business activity has shown at the most only a feeble seasonal expansion so far. Our index has drifted downward through February, and at the beginning of March stands at 77.4% of normal, only a little above the low point of December . . . . Commodity prices are still sagging, even seasonal credit expansion is lagging, and spring stock market enthusiasm is flagging . . . . Cotton and textiles and building are the brightest spots in the picture . . . . Adjournment of Congress till December leaves business, bankers, and government to their own devices; but the absence of any sign of plan or policy on their part, contrasted with the stir of constructive activity abroad, arouses wonder whether our assumed initiation of recovery here may not be another case of kidding ourselves along.

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## When you hear sound by RCA Photophone in your favorite theatre

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**THE problem:** RCA Photophone Sound Reproducing Equipment had to be shipped to twenty sales offices covering the entire country as required, without delay, without wasteful handling, without excessive re-shipping costs and without too many re-shipping operations. The delicate mechanism and large bulk of the units made it imperative for RCA Photophone to keep re-shipping operations in the hands of their own technically trained men. How then could re-shipments be made conveniently? How could a large stock of units be held in readiness near transportation terminals?

**The answer:** Bush Terminal, ideally located for convenient, quick and inexpensive handling of incoming and outgoing shipments to and from *everywhere*, has the facilities for receiving, holding and shipping. RCA Photophone provides the technical man-power.

**The result:** Speedy shipments, quickly consummated sales, no costly delays, the minimum of handling, the maximum of safety, and the lowest possible distribution cost. A large stock of units at the very doorstep of the New York market—the largest single sales area in the country.

Similar Bush Service is used by:  
United Cigar Stores, A. & P. Stores,  
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**Many manufacturers have their plants at Bush Terminal.** Bush Terminal provides "industrial apartment houses" for manufacturers. Here are almost limitless facilities which can be used when, if, and as they are needed. Eight enormous ocean steamship piers, miles of railway sidings, by, through or under massive warehouses and manufacturing units; 10,000,000 square feet of floor space; cold storage; power, steam and heat in any quantity. Bush Terminal offers amazing economies in distribution and manufacturing.

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Piers, Sidings, Warehouses, Truck Depot and Manufacturing Lofts on New York Bay

FOREIGN DISTRIBUTION—BUSH SERVICE CORPORATION

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# What's In This Issue —And Why

## Money

TREASURY operations just begun will affect the money market, and, through it, business for a long time to come. It is absorbing much of the available investment funds. As a counterbalance, it will be pressing the Federal Reserve for easy money, low rates. (page 5)

## Banks

CONGRESS adjourns, and the investigation of banking ceases for a time. But it is only a respite. Legislation affecting 4 fundamentals is not improbable later on. (page 5)

## Congress

BUSINESS heaves a sigh of relief as Congress adjourns. But is business blameless for the shortcomings of Congress? Has business ever formulated and pressed a constructive program for basic economic betterment? Will it now? (Editorial page 56)

## Accounts

NEW YORK Stock Exchange and the Certified Public Accountants are trying to work out standards to make corporate statements uniform, trick-proof, and intelligible. (page 7)

## Refrigerators

SPURRED on by the utilities' great national promotion campaign, mechanical refrigerator makers prepare for a great year and a great battle. (page 9)

## Depression Gifts

CHALLENGED to keep plants busy, numerous manufacturers have developed gift and artware lines, sometimes from materials formerly wasted. (page 10)

## Lumber

SALES of lumber are 22% above production—but only because the lumbermen are giving a striking example of self-discipline. (page 11)

## Cash Registers

ALREADY set up for the same general type of production, often selling the same buyers, big companies are invading the cash register business. (page 11)

## Television

ALL these excited rumors of the startling imminence of great popular development of television just aren't so. (page 14)

## Fruit

EUROPE will buy 3 million boxes of oranges, 6½ million boxes of apples, from Pacific growers this year. Ship lines are doubling and tripling their sailings to handle them. (page 20)

## Jobs

EMPLOYMENT seems slowly to be increasing, but so are wage cuts. (page 21)

## Farm Relief

DISRUPTION of the original Farm Board brings a dramatic interlude in the great agricultural experiment. We approach it with a series of articles summing up the whole problem, the attempts at solution, their inevitable consequences. (page 28)

TARIFFS have been urged as farm relief measures. Europe's Paris Conference will have none of them. (page 40)

## Tea Talk

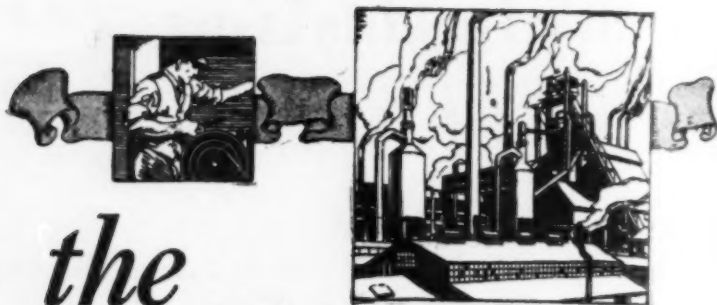
WE like it strong, but we don't use much of it compared with Australians. How good our tea shall be is fixed by 7 men, who have just finished their annual job of tasting 2,000 samples each. (page 31)

## Soviet Orders

PRESSED by need of business, encouraged by governmental guarantees, European manufacturers are selling to the Soviets on long credit. (page 38)

## Whales vs. Hogs

HOGS are cheaper in Iowa because whales are plentiful in the Antarctic—and because a chemist discovered how to remove the fishy flavor from whale oil. (page 34)



# *Stick to the* **BIG IDEA**

**EVERY** right-minded man who starts in to make something to sell is sustained by a valid idea.

He is convinced that his product embodies a real *advantage* for the user and that therefore intelligent people will buy it.

On that simple and durable premise have been reared in the past quarter-century the greatest business and industrial structures in America.

The process of their erection has been invaluablely *quicken*ed and *strengthen*ed by honest and informative advertising.

**I**F your business is worrying you now, if sales and profits are sagging, go back to the beginning in your thinking.

Be *sure* your product is superior, in

style, quality, value or utility; be sure it is distributed within reach of the customer.

This done, *tell* people about it, in *terms of their interest, not yours*—tell them over and over again through the advertising pages of **THE SATURDAY EVENING POST**.

You are then displaying your wares before the most intelligent and progressive audience in America—that hub *three-million-strong* which turns the taste, thinking, *buying* of the nation.

**I**F you think this is merely selfish advice, think again; *it is the tried and true formula of outstandingly successful business*.

The Post is an inseparable part of that formula simply because experience has demonstrated that its values cannot be bought elsewhere at any price!

## **THE SATURDAY EVENING POST**

"AN AMERICAN INSTITUTION"

THE CURTIS PUBLISHING COMPANY



INDEPENDENCE SQUARE PHILADELPHIA



# THE BUSINESS WEEK

*The Journal of Business News and Interpretation*

News of the week ending March 7, 1931

## Treasury Takes \$300 Millions Out of the Money Market

**Requirements, Swollen by New Bonus Loans,  
Put Pressure on Reserve to Hold Rates Down**

THE federal government's Treasury financing this week is made especially important to business by the extensive change in Treasury position due to the soldier bonus measure, the large amount of new money absorbed and to be absorbed, and the indications given of definite Treasury influence on Federal Reserve policy over the next 2 to 3 years. Through the Treasury, the bonus measure and other new borrowing to cover tax deficits will affect the money market and, therefore, business and investors for a number of years.

About \$300 millions of new money was taken from the money market by this week's offering, to that extent affecting the supply of money available for possible corporate and foreign borrowing. Of the total Treasury issue of \$1,400 millions, \$1,109 millions was refinancing of two series of notes called for March 15. Of the \$300 millions of new money \$200 millions was for loans to veterans.

### **\$400 Millions for Bonus**

The government at present estimates that \$400 millions of new funds over and above the amount on hand in reserve against the bonus certificates will be needed before June 30. This calls for another \$200 millions in addition to what is raised this week—a further absorption of new money. If veterans' demands exceed official expectations (they could get between \$1,300 millions and \$1,400 millions) even more funds will be needed. Such additional new money will be raised by a bill issue as required.

The other \$100 millions of new money taken this week was to supply the Treasury's own needs arising from the deficit resulting from lower revenues and higher expenditures. If March and June income tax payments, first and second on 1930 earnings, are less than

expected, still more funds will be taken from the money market before June 30 for the Treasury itself. This is not an unlikely development.

Derangement of the Treasury's debt program by the bonus will be felt for many months, almost certainly will be costly to the Treasury, thus to taxpayers. The short-term debt (due within a year) had risen to about \$2½ billions early this year, far above the usual amount needed for management purposes, but was not a serious monetary factor due to investors' inordinate demand for short-term, gilt-edged liquid paper. Just now the Treasury is paying the lowest rates ever for short-term funds, but the size of the short-term debt makes it extremely vulnerable to a rise in interest rates.

### **A Refinancing Job**

Considerations of thrift and good management dictated funding much of this short-term debt into long-term bonds, taking advantage of the present unrivaled ease in money. The further need to refinance at lower rates the \$1,932 millions of First Liberty bonds next year, the \$6,200 millions of Fourth Liberty's in 1933 and miscellaneous other securities called for a preparatory clearing of the short-term government security market. While these Libertys have until 1947 to run, good management calls for reduction and refinancing.

The bonus setback to the government bond market in December and January, from which it has not fully emerged, plus the necessity of raising additional amounts of new money prevented the flotation of a large Treasury bond issue on as favorable terms as money rates indicate at this time. Half a billion of bonds were sold at 3½% and the balance (\$900 millions) in short-term paper.

Thus the Treasury still has more than

\$2 billions in short-term debt, has not been able to turn the unusually low money rates prevailing to its own advantage over a period of years by a bond issue, has been forced to take large amounts of new money decreasing the supply (and must still get more), and is no closer than before to a position to handle the First and Fourth Liberty issues.

The vulnerability of the Treasury to an increase in money rates because of its large short-term debt makes it perforce very much interested in a continuance of easy money and low rates for a considerable period. As the Treasury's fiscal agent and with the Secretary of Treasury on its board, the Federal Reserve system will feel the pressure of this interest. And the pressure will necessarily exist until the Treasury completes the changes in its securities outstanding.

Despite this pressure, the present unusually low level of money rates is most unlikely to continue over a very long period, is certain to end when a business upturn brings an increasing commercial demand for money, for increases in currency circulation. Treasury interest costs are, therefore, certain to be higher before the long series of transactions is completed. The question is "How much?" The answer will depend largely on the extent to which the Federal Reserve responds to pressure.

Finally, the Treasury pressure and the extent to which the Federal Reserve responds will be extremely important to business in their determining influence on money supply and rates.

## **Banking Inquiry Stresses Issues Awaiting Decision**

CLOSING of Congress this week relieves the banking business of some of the strain of critical public investigation under which it has labored for most of the last year. But it is only a temporary lull. The investigations are meant to be preliminary to legislation, and comprehensive measures will be prepared for introduction into Congress in December. Further investigation is not unlikely.

The Senate's investigation through

Senator Glass' subcommittee is the focal point of Congressional action. The House committee lacks authorization to proceed, is split within itself and inclined to defer to the Senate.

Several fundamental questions raised by the Senate and House inquiries will be in the limelight when the public begins to weigh definite legislative proposals. They deal with:

### Fundamental Questions

(1) *Central control of banking.* Stringent federal laws would leave state banks untouched, would further weaken the national banking system which it is desired to strengthen by causing a transfer to state charters. Opinion grows that all banks should be members of the Federal Reserve system. But there is also tremendous opposition.

(2) *Connection between banking and the securities business.* Some authorities question the entry of banks into this business through securities affiliates; yet nearly every large bank is already in it. Bank financing of stock trading is another phase of the question.

(3) *Use of the Federal Reserve machinery.* Questions are raised as to the use of Federal Reserve credit in stock speculation and trading, the abuse of differing Reserve requirements between demand and time deposits, Reserve foreign operations and general policy.

(4) *Change in banking organization.* The tremendous lengths to which concentration has gone through group organizations (covering between 20% and 25% of total bank resources), agitation by the American Bankers Association and the Comptroller of Currency, the large number of bank failures, all direct attention to this possibility. Some form of branch banking with limited areas is generally proposed.

Leaving the whole banking problem in abeyance for nearly a year leaves the banks inclined to caution in view of the indicated further airing of criticism, the apparent imminence of legislation. But it may also spur some jockeying for position by banks anxious to put contemplated programs ahead of legislation.

Several important decisions bearing upon the form which banking legislation will take will become public between now and December. These will be looked for in a report from a Federal Reserve committee investigating branch, group and chain banking, the report of the American Bankers Association Economic Policy Commission, and the action taken at the annual conventions of the American Bankers Association and the Investment Bankers Association.



SIGNING THE BONUS CHECKS

Checks in ribbons, 15 at a time, slide under this multi-signer. Col. G. E. Ijams, director of the Bureau, watches J. L. Betz at the master pen

### Dividends Ahead of 1930; Seasonal Gain Is Slight

DIVIDEND payments in February—\$438 millions—showed an increase of \$44 millions from the January total and were above that of February in either of the past 2 years. The seasonal increase from January to February was considerably smaller than in either of the past 2 years, however, and definite indications continue to show the effect of low corporation earnings. Exact comparisons are impossible due to the differing number of concerns used by the compiler, the *New York Times*.

Utility corporations, which pay a larger total of dividends than any other industry, ran sharply contrary to the total. February disbursements of \$155 millions were largest in the 26 months for which figures are available, and the seasonal rise was much greater.

Industrial groups showing larger disbursements to stockholders in February of this year than in the same month of 1930 were chain stores, department stores, food and packing, public utilities, railroads. Smaller payments were made by banks and insurance companies, coppers, mail order, automobile, motor equipment, oils, railroad equipment, steel, and tobacco companies.

Compared with the preceding month, groups showing larger dividend payments were department stores, automobiles, motor equipment, oils, public utilities, railroads. Those showing declines

were banks and insurance companies, chain stores, coppers, food and packing, mail order, railroad equipment, steel, tobacco.

The effect of lower earnings is shown by dividend omissions during the month by 80 companies against but 24 in February, 1930; dividend reductions by 70 compared with 9 last year; increases by 15 against 24 last year. However, 50 companies declared extra dividends, only 44 in February of 1930.

### Unsettled Market Drops New Issues to Low Totals

NEW financing through public sale of securities in February dropped to about the lowest total in 4 years, reflecting the unsettlement of the bond market by the 'soldiers' bonus legislation and prospective government financing, the high cost of borrowing by this method, some lack of demand. The total of \$160 millions (*New York Times* compilations) was but 25% of the January total and lowest for February in the 4 years for which figures are available. Bonds accounted for \$158 millions of the total.

State and municipal financing took half of the total funds, \$80 millions, more than in any February in 4 years. Foreign issues of \$22 millions, industrial issues of \$600,000, and public utility issues of \$31 millions all recorded the lowest February totals of the 4 years. Railroads took \$12 millions.

# Wall Street Asks Accountants To Audit Accounting

## The Stock Exchange Thinks Something Might Be Done About Financial Statements—And Is Doing It

IN the quietude and British simplicity of an up-town apartment there met last week for a long night session an even jury-dozen of experts on company health. Six stock brokers of the learned 20 who surmount the Stock Exchange membership of 1,375 clubmen, and 6 accountants of the 25 who dominate the 900-odd firms and 2,500 members who compose the routine establishment of the American Institute of Certified Public Accountants.

The object of the meeting—and of the long series of evenings which will follow it—was to make the published accounts of listed companies investor-proof. The Stock Exchange has already done a great deal on its own to bring this about. It has for long required accounts from applicants for the list and has insisted with ever greater strictness upon maintenance of its high

standard. It does not yet require the companies to have independent audits by certified public accountants. It is significant, though, that it does go so far as to urge this neutral and professional certification. Significantly, also, the practice has immensely grown.

### Statistics of Accounting

Recently a Stock Exchange scholar took the trouble to study the 746 listed securities which might logically have recourse to a C. P. A. audit. He found that if he excluded the railways, already subject to Interstate Commerce Commission regulation in their published accounts, 80% of this list were that day certified with the signature of accounting firms. In the industrial section more than 90% were audited, and the increase yearly over a period of time showed that the prac-

tice would probably soon become universal. The lowest category was public utilities, due to their necessity, parallel to that of the railroads, of submitting accounts to various state authorities. Only 44% of them boasted auditors' signatures. The highest standing was obviously in the newest kind of company on the list, investment trusts. They were 100%.

### There Is No Law

And this very presentable state of affairs exists without legislative action by the state, states or national Congress. Even accountants admit that we are far from the English standard of the Companies Act, which requires that independent auditors be elected annually by stockholders in open annual meeting, a device aimed at preventing their being influenced by management at the expense of investors' truth. But the force of the British example is, nevertheless, felt and companies in general go on endeavoring to uphold pretty high standards precisely to prevent the passage of some such law.

Furthermore, when all is remembered and said, the New York Stock Exchange has been fairly free from accounting scandals during the past few years. There have been some but few major ones.

The program of the joint sessions is simple. The Exchange has 3 objectives: (1) To work out with the technical aid and moral backing of the accounting profession uniform, standardized systems of financial reports that will be intelligible to investors and that will be trick-proof; (2) to influence all companies on the list and all applicant companies to have independent audits made without exactly forcing the issue through a regular Exchange rule; (3) to increase the severity of the examination itself through the discovery of subtler and more appropriate forms to fit the cases of the various types of companies.

### Costly in Short Run

These are aims which the accountants alone could not set for themselves because as professional men they are merely called to consult and certify.

As it is, they stand to lose business through such reforms, that is, in the short run. Some companies will not be pleased and will suspend auditing altogether. But, in the long run, the accountants stand to gain through the more general and more thorough application of their services. The Exchange stands to gain immeasurably for the



BROAD AND WALL

Here's the financial district during an operation. The maze of manholes, mains, and cables is always good for a crowd; and the Street isn't as busy as it used to be



obvious reason that any tightening in the stringency of the rules of its game makes for a more nearly absolute degree of public, or player, confidence.

### Subjects for Study

Concretely, but not too technically, it is proposed to study first the following considerations:

(1) 90% of the accounting information required from an applicant to the list should be uniquely for the purpose of enabling the investor or speculator fairly to determine for himself what the security is really worth. Only 10% should be devoted to informing the Exchange itself whether the company in question is of a type and size and so officered and directed as to warrant listing. The client comes first.

(2) Accounting policy as regards depreciation should be neither ultra-conservative nor un-conservative. One is as unfair as the other. Depreciation must, however, be forever a function of plant and not of earnings. It is of the most momentous import that it should be exactly and fairly calculated. It should never be shown far down in the income account as though, like interest, it were a thing apart from the cost of operations. To do so distorts the real picture.

(3) Consolidated statements must be more complete, so that the whole picture of parent and subsidiary will be more complete. Accountants should insist upon complete disclosure before certification.

(4) Volume of sales or gross revenue should be shown. The plea that it endangers a commercial secret is specious. Any business so precarious in its nature that a leak in information as to its volume of sales would be of serious disadvantage competitively is not a type of business suitable for public ownership.

### Defining "Other Income"

(5) The item "other income" should be clearly defined.

(6) The item "earned surplus" is one of the most significant remaining features of the balance sheet and must always be carefully segregated from all other items of surplus and from capital account.

(7) Stock dividend accounting is an acute question. It must be made clear whether the dividends represent splits-ups or the capitalization of earned surplus. There are today 9 methods in actual use in accounting for periodical stock dividends. This is confusing and can be simplified. It is a very tricky

question and must be watched with the utmost scrutiny. The amount of the cash alternative surrendered must always measure the minimum charged against earnings or earned surplus.

(8) Stock dividends must *not* be taken up by investment trusts at the market price as of the day of receipt. This has produced a more beautiful controversy than anything the Exchange has ever done and has made the institution more unpopular than has ever any other issue with lawyers, corporate officers, economists, and publicists. But not with accountants.

### Conservatism Unnecessary

(9) Accounts can afford to drop some of their over-conservatism. It is not the job of an accountant to be conservative. It is not his job to be un-conservative. It is his job to be simply accurate and to see that the statements to which he subscribes convey a true picture to the average investor. When an accountant sees evidence of inaccurate conservatism in accounts it is his duty and obligation to the investor to make some suitable reference to it in his certificate.

This is a large program. Its study will take many evenings and its execution will take months and years. The accountants who are working on it with the Stock Exchange experts are not paid

for their work. The Exchange is in no way a client. The work is being done in the interest of an institution and of a profession. It should turn out, too, to be in the interest of those millions of persons who somehow cannot live without tuning in on that ticker which broadcasts the sweet gibberish of chance.

### Back to the Farm— Where There's Farm Relief

A NEW back-to-the-farm movement is reported from the Northwest. Immigration and farm development departments of railroads in St. Paul and Minneapolis are getting hundreds of letters from families in Eastern industrial centers desiring to find homes on the land. Officials of the Northern Pacific and Great Northern expect the influx of new settlers this spring to be the largest in years.

"Faced with the loss of jobs in the industrial cities," says E. C. Leedy, Great Northern agricultural development agent, "hundreds of men and women who formerly lived in the country are trying to get back to the soil. Many families feel that any place where they can be assured of food, shelter, and fuel would be preferable to their present condition in the cities."

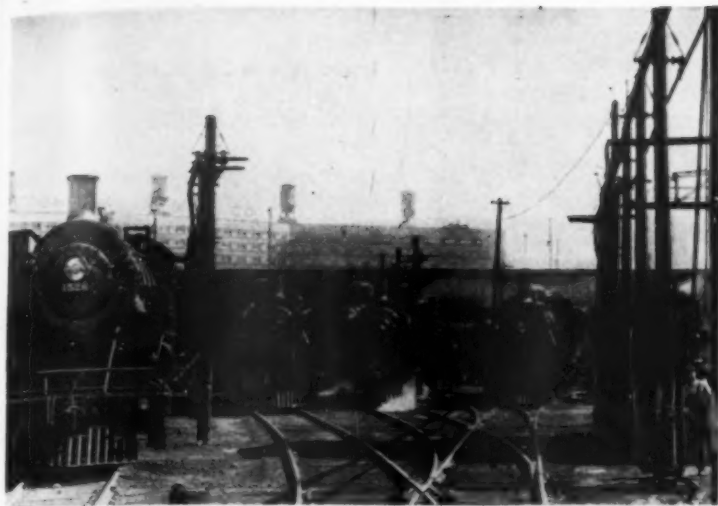


LeScene, Daytona

### ROLLED HIS OWN

C. L. Cummins, president of the Cummins Engine Co., drove his Diesel-engined racer from Columbus, Ohio, to Daytona Beach, Fla., at a fuel cost of \$6.80. Then, on the beach, he hung up a record of 100.755 miles per hour. The engine was developed specifically for commercial car service.





STEAM UP—BUT NO SMOKE

*Railway Eng. Equip. Co.*

*At the Chicago & North Western yards, in the business district of Chicago, standing locomotives dump their fires, are held at working pressure by steam supplied by a central plant equipped for smokeless firing*

## Electric Refrigerators Tune Up For a Record Sales Year

### Leading Makers Revise Strategy for 1931 As New Competitors Cut Into the Market

PRELIMINARY skirmishes now in progress foreshadow the extent of the 1931 battle of the mechanical refrigerators. Record sales are expected. The National Electric Light Association is leading a national drive to put 1 million units in American homes. Its 3-year promotional program will get under way March 26 under the direction of the specially created Electric Refrigerator Bureau. Many utility companies will tie into the effort by spending at the rate of 10¢ per meter in local tie-in advertising.

#### New Sales Programs

General Electric's refrigerator department has changed its sales attack, substituting for its "No one has spent a cent for repairs" slogan a 3-year guarantee; scaled down prices on all models; trebled its direct mail prospect list to circularize 900,000 regularly throughout the year; scheduled a series of 52 sectional conventions to give impetus to its campaign.

General Motors has announced a 3-year guarantee for its line of Frigidaires, emphasizing the fact that it covers both the cabinet and the me-

chanical equipment; is holding a series of dealer meetings in distributing centers; challenging General Electric's position of leadership in number of units sold.

Kelvinator Corp. has come out with a comprehensive program of promotion, designed to reach every section of the market; provides a special procedure for obtaining known prospects, these to be registered with the factory for a concentrated follow-up in which factory, distributor, and dealer cooperate.

Westinghouse Electric, although it actively entered this field only a year ago, is becoming an increasingly important contender, marketing through existing outlets or wholly-owned distributing houses in some territories, establishing special distributors in others where concentration upon its line on a specialty basis seems essential.

Other important manufacturers are arranging their sales and advertising schedules to take fullest advantage of the public interest expected.

New competition continues to join in the battle. Apex Electric & Mfg. Co., makers of Apex washers, ironers, cleaners, abandoning plans for pro-

ducing refrigerators in one of its 6 factories, has purchased Wayne Home Equipment Co. of Fort Wayne, Ind. and will shortly commence marketing a line of models under the Apex and Wayne brand.

Automatic Refrigerator Corp., Chicago, offers a coin-operated domestic refrigerator which for each quarter (25¢) inserted will give 40 hours refrigerating service, is so arranged that 9 coins may be inserted at one time, assuring 15 days continuous service.

#### Cabinet Firms Switch

Manufacturers previously engaged in making the cabinets only are buying or producing refrigerating units, marketing the complete outfit through channels previously engaged in selling plain ice boxes. Starr Co. of Richmond, Ind., representing interests previously manufacturing pianos, now offers 4 models of electric refrigerators. Sanitary Mfg. Co. of Fond du Lac, Wis., formerly making cabinets only, now is in production with an electric unit.

The commercial market is not neglected. Forming only about 12% of the industry's 1929 dollar volume (according to the U. S. Census of Manufactures), this field is being rapidly expanded, has become highly competitive, as manufacturers see vast possibilities ahead.

Refrigerated water systems for office buildings and industrial plants are a profitable volume-builder. Few manufacturing establishments have installed refrigerating systems for cooling drinking water for employees. The possibilities are regarded as tremendous.

#### New Uses Expand Market

Automatic refrigerating cars for transporting perishable food from one city to another, automatic refrigeration for motor trucks as well as for stores, refrigeration to cool the home, are all available. Probably the most talked of development is in frozen meats, now being retailed in a few stores here and there and destined for great popularity in the future, according to some enthusiasts. While some electric refrigeration makers have announced equipment for the merchandising of frozen foods, one important company refuses to get excited about the situation, pointing out that "retail butchers are against the new product, which would put them out of business as dealers in fresh cut meats," that the packers cannot afford to push frozen foods to the extent of losing the butcher trade in fresh meats.



AUTOMAT TYPEWRITER

For each 10 pfennigs (about 2 1/2¢) dropped in the slot at the right, the keys may be struck 1,000 times—enough for the ordinary letter

## Depression-Born Ingenuity Checks Waste. Produces Gifts

ADVERSITY sharpens ingenuity. Dull times give ample opportunity for contemplation.

The National Artware Show just closed in New York had many new exhibitors this year, and from the most unexpected quarters.

Chase Brass & Copper Co., makers of mechanical brass and copper fittings, turned up with a complete line of utensils, flower vases, fruit bowls, lamps, ornamental containers. Brass rings, designed to hold lenses in place on pocket flash lamps, became garden markers, by the addition of a 10-inch spear. Ordinary copper flush tank balls made bases for \$4 lamps. Sales volume on the new ventures is reported steadily growing, and becoming an important proportion of total income.

### Use Same Equipment

Great Lakes Paper Box Co., supplying manufacturers, has turned to fancy hat, shoe, and gift boxes for gift and artware shops. Direct-by-mail work developed national distribution; 1930 volume doubled over 1929; 1931 starts bigger yet. No new equipment was needed. The new line is producing a

commanding percentage of the total gross.

The Kirsch Co. at Sturgis, Mich., for years has been the world's largest manufacturer of wood poles and all types of metal curtain and extension rods. Also for years all its short ends went into the furnace or to waste. A line of gifts now uses the ends. Company's designers worked on the basis that items must be made with the company's present equipment, and without necessitating the purchase of any important amount of other raw materials.

Short ends of wood moldings are fashioned into candy, stationery, playing card, cigarette, and boudoir boxes. Short ends of ordinary boards appear as book shelves, corner shelves. Short ends of narrow moldings are made into frames. The company's equipment for spraying paint on curtain rods, now sprays silhouette designs and backgrounds on glass which, framed with formerly wasted short ends, has become one of the most popular numbers.

Even the "holes" that are cut when making wooden rings for hanging curtains and portieres become men for backgammon sets. The line now in-

cludes 100 items. On the market less than 6 months, it has begun to take its place as a factor in the company's 7-figure volume.

National Vulcanized Fibre Co. some years ago began the manufacture of fibre waste-baskets for office use. The recession in business cut the market for commercial wastebaskets materially. New designs of wastebaskets were developed; color was applied. New types of shopping baskets, refuse containers, were added, also in colors. A campaign addressed to the housewife is under way to popularize the idea of "a waste-basket in every room."

The Treasure Chest at Asheville, N. C. buys from various hosiery mills the trimmings from stocking tops, dyes them, and produces an extensive line of rugs. Similarly, trimmings of wool blankets are bought from mills and transformed into rugs.

## Remote Control Stores Set Earnings Record

STUDENTS of chain store statistics have watched figures of Lerner Stores Corp. Some simply marveled at the performance, others were skeptical.

Investigation discloses a system of remote control merchandising that has reduced retailing of style goods to a science. Managers of Lerner retail stores are simply non-commissioned officers; district managers in charge of several stores are just lieutenants; merchandise managers are mere staff officers. Everything that pertains to merchandise prices, routine, and policy centers at headquarters in New York.

There they know each morning how many units of each style, pattern, size, and color of the various numbers are in stock at each of the 163 stores. An intricate but infallible system of inventory control keeps new style and replacement numbers moving into the various retail stores. The manager of a retail unit is never called to task for having too much of an assortment, but he is severely criticized for having too little.

Movement of styles is watched at headquarters as a skipper watches the barometer in the typhoon area. A number brought out to sell at \$15, if moving rapidly in the various stores, is promptly sent to the production engineers for copying to sell at under \$10. The whims of retail buyers are studied with infinite care and goods are produced and offered to meet the demand just as quickly as a definite trend in buy-

ing is noticed. Special sales of old style merchandise are practically unknown; headquarters orders gradual reductions in price if goods do not move quickly and the buying office rather than local managers are blamed when mark-downs are necessary.

The rate of turnover of stocks is unbelievably rapid, although definite figures are not available. However, the

chain registered the largest increase in sales of any national chain system, food chains not excluded. Its sales in 1930 were 32.7% ahead of 1929; annual average sales per store rose from \$144,000 in 1929 to \$155,000 in 1930, although average net earnings per store dropped, due to the fact that the 31 new stores opened during 1930 did not operate for the full 12 months.

## The Cash Register Business Attracts New Competition

**Like Others, It Has to Meet Invasion of Companies Already Set Up for Same General Type of Production**

THE cash register industry, for years operated practically as a one-ringed circus, with National Cash Register Co. dominating, has been attracting important new talent. With the recently announced entry of Burroughs Adding Machine Co., it must be rated as, at least, a three-ringed business show—and there are promising attractions along the sidelines. Some of the new competition has been set up by the familiar process of companies in allied lines adding on a new one to make better use of their production equipment and distribution facilities.

Burroughs brings into its new field a name well known to those who use "business machines." With 1,300 salesmen operating out of the company's national chain of branch offices its line of cash registers has become a factor almost over night. Special sales effort is being directed toward mass buyers such as chain stores, department stores. Already, individual orders covering over 1,000 registers have been booked.

### Simplified Models

Competition of the Remington Cash Register Co., subsidiary of Remington Arms Co., has been chiefly in the so-called "push down" type of machine, which requires no turning of cranks, no electric motor, is simple in operation and, because it generally costs less than comparable models of other types, has gained increasing popularity in some territories. Small independent merchants frequently prefer this type, chain stores use it at points where many small-unit sales are made, and it has always formed an important portion of total volume.

While most of its production had been taximeters, Ohmer Fare Register

Co. was led into the cash register business by the adaptability of its manufacturing equipment. This company evidently intends to produce a somewhat specialized line, has contributed important new types of machines, and is selling them where they effect material savings in time and labor. Its first model, a press-down cash register, was recently followed by an automatic cash machine embodying some exclusive features. A unit stock control register is now offered for use chiefly in department stores. A

new postage machine, approved by the Post Office Department, has just been announced. It prints the necessary pre-cancelled stamp in 3 colors and records the details of each issued stamp; is intended to simplify and speed up the handling of parcel post and other mail.

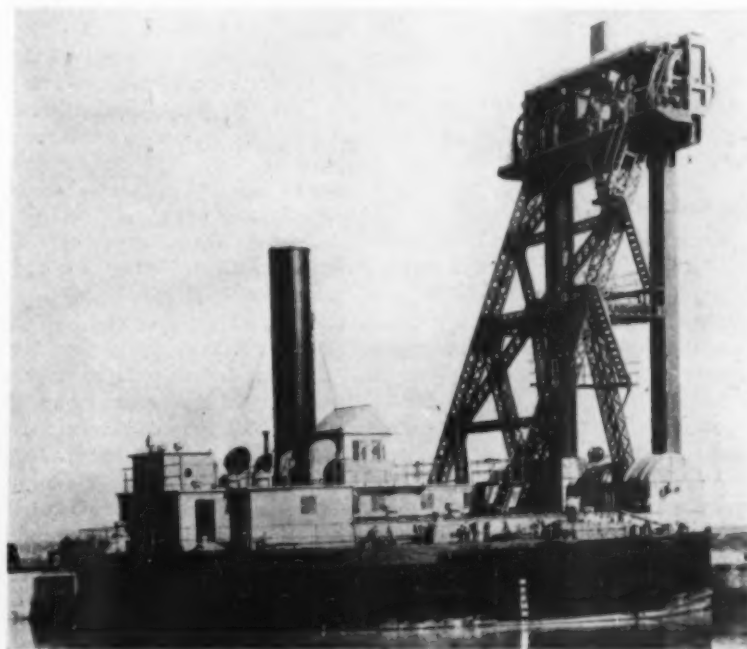
Meanwhile, National Cash Register Co. is actively combating the challenge of this new and diversified competition. Its 1930 sales are reported \$44 millions.

Significantly, the company's foreign business is beginning to overshadow its domestic volume. In 1926 it was reported that foreign business represented 30% or about \$14 millions of its total sales of \$46 millions (150,626 registers). President F. B. Patterson credits "well over" 50% of the company's 1930 volume to foreign business, thus indicating that in 4 years annual sales abroad have increased \$10 millions. Domestic business accounted for \$32 millions in 1926, less than \$22 millions in 1930.

## Develop Airtight Package For Cigarette Smokers

AN important development in packaging of perishable merchandise is represented in the new wrapping of R. J. Reynolds Tobacco Co.'s packs of 20 Camel cigarettes.

Through the efforts of Package

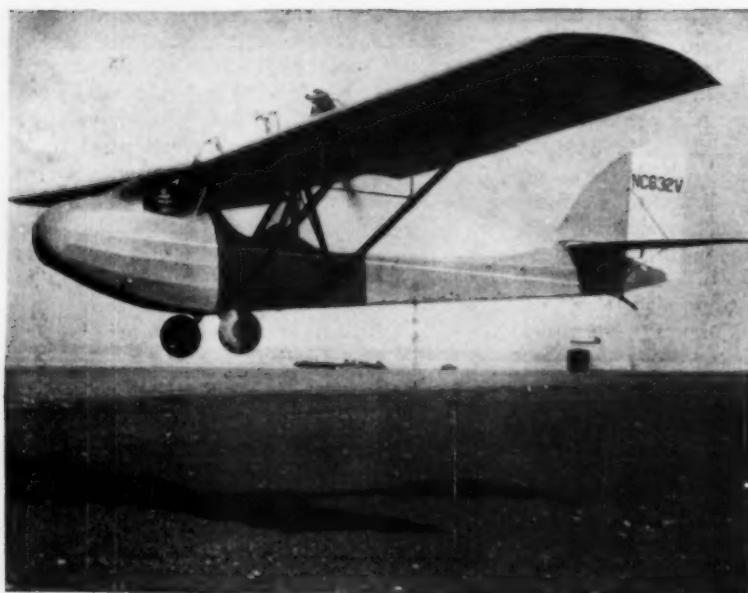


**GATE LIFTER**

*Mounted on a pontoon 26 feet deep, this floating crane on the new Welland Ship Canal can handle 500 tons. It provides its own power, can lift the heaviest lock gate for repair or replacement*

Wide World





HEDGE HOPPER

Wide World

The shadow-flying gentleman is Casey Jones, vice-president of Curtiss-Wright; the plane is the new Curtiss-Wright Junior which sells for \$1,490. It flies 220 miles on a full tank—8 1/2 gallons—of gasoline

Machinery Co., a machine has been perfected that wraps the packages in moisture-proof cellophane, applies a solvent to the surface, then heat, and thus produces an airtight moisture-proof seal.

The contents of such package are not readily affected by atmospheric conditions and retain their original state of freshness for considerable periods. Incidentally, this extra wrapping greatly strengthens the entire package and prevents damage from handling.

#### Capitalizes the Initiative

Camels have been swift to capitalize the fact that they are the first to offer a popular priced cigarette in the new wrapping. A nationwide advertising campaign featuring the new wrapper is under way expending \$1 million in the first 7 days, in a definite attempt to obtain a larger slice of the country's total cigarette sales.

All cigarette manufacturers are studying the first reports on 1931 sales. They show for January a decline of 840 millions (8.23%) below the comparable 1930 figure. But, while several popular brands have lost ground, American Tobacco Co.'s Lucky Strike has continued its heavy gains of last year (*The Business Week*, Feb. 4), putting its January sales total 246 millions ahead of the January, 1930, record.

#### Chain Store Tax Found Tax on State Treasury

BELIEVING that a sales tax low enough to avoid popular disapproval because of its unfavorable effect on retail prices becomes too low for revenue purposes, National Chain Store Association retained J. D. Cloud & Co., certified public accountants, to analyze the first year's tax returns made Feb. 1 under the new Kentucky sales tax law.

The levy calls for 0.05% on annual gross sales up to \$400,000, then increases on sliding scale to 1% on annual sales of \$1 million or more.

Out of 16,373 stores only 11,037 were actually subject to a tax. They paid a total of \$65,656.20 or at the rate of \$5.90 per store. With the amount collected spread over the total number of reports received, the average tax paid per store drops to \$4.01.

The accountants' investigation of costs incurred by the state of Kentucky in collecting this tax developed that 55,000 tax report blanks were sent out. Estimated cost for preparatory indexing, filing, final printing, and mailing was 10¢ each or \$5,500. Compilation and auditing of tax returns, other clerical work, were estimated to average \$5 per report filed, or \$81,870, bringing the total estimated cost to \$87,370. Crediting the \$65,656.20 actually collected leaves a deficit of \$21,713.80 or \$1.32 per return.

#### Raise Strip, Hold Sheet, Steel's Price Strategy

IN line with general expectations in the industry several steel producers, among them the largest independent manufacturer of light rolled steel products, have announced second quarter prices \$1 a ton up on hot-rolled strip and \$2 on cold-rolled. It is expected that other companies will follow these leads. Production of common varieties of strip have involved losses at present prices so that an increase has been expected.

The trade generally doubts whether the increase in strip prices will hold much better than the January advance in bars, shapes, and plates held. It is believed the increases have been made chiefly to stimulate second quarter buying at old prices—good until March 15.

Somewhat surprising, however, was the announcement by the large independent that sheet prices would remain unchanged through the second quarter. Ordinary grades of sheets have been selling at a loss and increases in this line were anticipated. Small mills, in particular, probably are losing heavily at present levels and must have relief soon in the form of higher prices or go out of business. But as these small concerns include the industry's worst offenders in price-cutting they are not likely to expect much support for increases now.

#### 83% of Cotton Mills Voted Down Night Work

THE cotton industry made history this week when Walker D. Hines and George A. Sloan, chairman and president, respectively, of The Cotton-Textile Institute, announced that "the necessary conformity to the elimination of night work for women and minors in cotton mills" had been achieved, and therefore that "the plan for such elimination becomes effective." Requiring support of 75% of the industry, and of the night-runners, the recommendation was approved by 83% of the field as a whole and 79% of the night-running mills.

The move is important to the wage-earners in cotton mills in that it substitutes full-time day operation for part-time day-work and part-time night-work as the normal basis of operations; is important to cotton manufacturers as it promises greater stability and prosperity; to the textile industry because it adds a vital factor to the constructive activities now moving textiles into the "progressive" class of industries. Over-production helped.



# Art Metal Announces . . .

three luxurious new desks at prices attractively low



MOUNT VERNON (above) is a graceful desk, its slender, attractively turned legs suggesting a decorative setting . . . deep-piled Oriental rugs, impressive tapestries and paintings. Yet it's every bit a practical desk for the busy man, with big, roomy drawers that are smooth-gliding and conveniently spaced.



WILLIAM PENN (below) is substantial, impressive and dignified. Its handsome walnut or mahogany finish conceals the enduring, fire-resisting protection of Art Metal.



THE NEW YORKER . . . for the modern-minded young executive. The man who slashes away convention will find it equally easy to slash red tape with this conveniently arranged Art Metal desk in its interesting modern dress.

Art Metal Construction Co., Jamestown, N. Y.  
Branches and Agencies in 500 cities



**Art Metal**  
STEEL OFFICE EQUIPMENT

THE ART METAL LINE . . . Fire Safes . . . Storage Cabinets . . . Desks . . . Shelving . . . Horizontal Sectional Files . . . Plan Files . . . Upright Unit Files . . . Counter Height Files . . . Postindex Visible Files

IN THE ART METAL BUILDING EQUIPMENT DIVISION...Hollow Metal Doors and Trim...Elevator Enclosures...Architectural Bronze...Library Fittings...Partitions



International News

#### END OF STEEL

The end of the Union Pacific's branch line through the Nevada desert to Boulder City. From here, the government will build an additional 7 miles to bring in men and materials for the Hoover (Boulder) Dam

## Lumbermen Learn to Hold Production Well Under Sales

### Long-Continued Educational Campaign Of Trade Associations Now Bearing Fruit

FOR 8 consecutive weeks, new business booked by the organized lumber industry has exceeded production by 22%. As orders have continued to decline, the seeming miracle is explained by deliberate restriction of the cut.

With a mill capacity 50% in excess of demand, the lumber industry was harrassed for years by an overproduction that persisted even after hard times arrived.

Excellent but depressing statistics reveal that 1931 orders total only 77% of new business booked in the first 2 months of last year. But production of soft woods and hard woods combined is 83% of sales; last year it was 95%.

Even now, the mills would be cutting more lumber than they could sell, were it not for the persistent efforts of the National Lumber Manufacturers Association and its regional constituents. There has been no order, no agreement to curtail production; simply a vigorous educational campaign carried in the open with the aid of constantly im-

proved statistics of the business so that the lumberman can see for himself what he should do, and the buyer and the public what he is doing.

Believing an industry should be permitted to restrict production to conserve a natural resource, the lumbermen do advocate modification of the anti-trust laws, but until that comes to pass, the association's statistical services will serve as an ever more obvious guide to both producer and consumer. These weekly and monthly reports not only present comparative production, orders, shipments, and stocks but recently have added a forecast of production and sales.

The March 1 market bulletin, compiled from the reports of 1900 correspondent salesmen, distributors, banks, building loan associations, and wood-using industries, anticipates a slight average increase in demand this month. In Arkansas alone are lumber purchases expected to drop below February. In New Hampshire, Indiana, Virginia, South Carolina, Alabama, and Cali-

fornia, no change is anticipated. In Maine, Michigan, Wisconsin, Nebraska, Maryland and District of Columbia, Kentucky, Mississippi, and Washington, increased sales are expected.

Distinctly better feeling exists throughout the industry. Salesmen and retail dealers believe the worst is over, that March will see a gradual increase in all types of building, most pronounced in residential and farm classes, with a necessary stocking up of retail yards which are 12% to 15% below stocks of '29 and '30. Only a slight average recovery in prices paid by retail dealers is expected.

Col. W. B. Greeley, manager of the West Coast Lumbermen's Association, is the evangelist who brought the Douglas fir industry up the sawdust trail to salvation. Stumpage is cheap, the incentive to cut is great in the last great stand of virgin timber west of the Cascades.

### Television Still Has Long Way to Go

TELEVISION is in the same stage of development as the automobile was in 1904 when the side door first replaced the rear door. Several years are likely to pass before a receiving instrument satisfactory enough to become popular can be placed on the market. This sums up the opinion of electronic engineers interviewed this week by *The Business Week*. Rumors of startling strides in television, of satisfactory sets other than for experimental purposes, that would be offered by such manufacturers as Radio Corp. of America next month, next fall, next year, have no foundation in fact according to authorities close to television developments.

The present method of broadcasting and receiving images was invented in 1885 and the art is still waiting for a fundamentally new one. Progress is being made only in minor details, such as the use of what is known as the Braun oscillograph tube by which a stream of electrons is projected on a phosphorescent screen under the control of either electro-static or electro-magnetic control. Attempts are being made also to give the phosphorescent screen a time lag allowing a spot of light thrown upon it to persist a fraction of a second so that the image will appear smoother.

Present broadcasters of television (*Chicago Daily News*, Chicago; Short Wave & Television Laboratory, Boston; National Broadcasting Co., New York; Radio Pictures, Inc., Long Island City,

# A Veteran Driver Speaks His Mind

A letter to The Chicago Tribune, reproduced below, prompts this advertisement. Straight-forward, earnest and dramatic, the letter comes like a warning voice out of everyday traffic.



**HAPPY IS THE DRIVER WHO DRIVES AN INTERNATIONAL**

**T**HIS letter, which is reprinted from the "Voice of the Traffic" column of The Chicago Tribune, sounds a note to which every owner of motor trucks and truck fleets should give heed.

Do your trucks deserve to haul your loads? Or are there antiquated models among them, hazardous to life and limb, destructive to driver-morale, and raising costly hob with your profit opportunities? Turn the obsolete trucks out to pasture and invest in efficient new equipment.

\*There is a bright side to the veteran driver's letter. He admires the great modern fleet of Tribune trucks. This fleet, serving the Tribune organization, and used in the distribution of The Chicago Tribune, The New York Daily News, and Liberty, now numbers

over 200 trucks, and all of them are Internationals.

The full line of Internationals—Speed Trucks and Heavy-Duty Trucks of new design—is ready for inspection at 182 Company-owned branches in the United States and Canada. Sizes from  $\frac{3}{4}$ -ton to 5-ton. Demonstration will be arranged at your request.



Above is one of the trucks this driver compliments so highly in his letter—it is one of The Chicago Tribune's large fleet of Internationals.

To the Chicago Tribune:

"I see that the Cook county police are beginning a drive against noisy trucks. Being a truck driver I believe that the authorities are taking the wrong course in warning drivers to make repairs.

The large carriage companies do not listen to the drivers' complaints, or else it is because our foremen do not inform the owners. Daily we are forced to take out patched up 10 and 15 and even 20-year old trucks, with faulty brakes, hard to shift, and still harder to steer.

As for loads, I have put a monster load of canned goods on one truck and hauled it through the city, praying all the time that no other vehicle would cut me off too close. Going at a speed of 10 miles an hour, I required 60 feet to stop, using both sets of brakes.

The speed governors on our trucks are all 'out of order,' and we are laid off if we do not make good time. It is the same if our chassis break down too often or if we have an accident, no matter how slight. It is only because we are expert drivers that we get by. I believe it really criminal to force men to drive some of the wrecks that are on the streets today.

\*I notice (evidently, too) that the Tribune always has an up-to-date fleet of trucks, and I have yet to see one of these broken down on the street or in a serious accident."

A Truck Driver

**INTERNATIONAL HARVESTER COMPANY**  
606 So. Michigan Ave. OF AMERICA Chicago, Illinois  
(INCORPORATED)

# INTERNATIONAL TRUCKS



N. Y.; Jenkins Television Co., Passaic, N. J.) report that interest in their efforts is confined almost entirely to the experimenter—the young man of mechanical bent whose principal interest is in how television works rather than in the quality or the images received.

One authority goes so far as to doubt whether, under the present methods, television reception will ever attain the

stage which radio reception has reached today so far as quality is concerned. Radio authorities agree that some new development must come and quickly, to strengthen the industry, but they are equally agreed that it probably will not be television. They are inclined to place more hope in home talkies or in the "reading machine" (*The Business Week*, Mar. 4).

## New Demand for Refrigerants Pushes the CO<sub>2</sub> Valve Wide Open

WHILE food manufacturers continue experiments with quick-frozen foods, and some lay plan for sales expansion in selected territories, makers of mechanical refrigerating equipment for transporting and storing these foods must expect increasingly formidable competition from those promoting the use of solid carbon dioxide.

Pioneer in this field, Dry Ice Corp. of America (sales, 22,500 tons in 1930) has not only protected the term "Dry Ice" as applying to CO<sub>2</sub> but holds patents on truck bodies, storage cabinets, shipping boxes, display cabinets, and single-service containers, suitable for use with CO<sub>2</sub>. And equipment manufac-

tured under "Dry Ice" patents is licensed for use only with Dry Ice as the refrigerant.

Several infringement suits are now pending in lower courts. One, against Solid Carbonic Corp., has just been argued before the Supreme Court and the decision is awaited with keen interest. It involves a single-service carton constructed for CO<sub>2</sub> service but not made by a Dry Ice licensee and used with another refrigerant than Dry Ice. Solid Carbonic's defense is, in part, based on the premises that to sustain the contentions of Dry Ice Corp. would automatically establish a monopoly.

That others do not consider the posi-

tion of Dry Ice Corp. impregnable is indicated by recent developments.

International Carbonic Engineering Co. has obtained a license for the United States to manufacture CO<sub>2</sub> by the Carba process patented in Germany, sell it under the trade name ICE CO<sub>2</sub>. Manufacturing plants are planned at central points in distribution territories. The first, with a daily capacity of 250 tons, has just been opened by Michigan Alkali Co. at Wyandotte, Mich. Another, with 300 tons daily capacity, is now being constructed by Matthieson Alkali Co. at Saltville, Va.

The significance of these daily plant capacities becomes apparent when compared with Dry Ice Corp's 1929 production of 15,000 tons, and with its 1930 output of 35,000, less than 100 tons a day. However, this company is also preparing for greatly increased output, is installing storage facilities for 4,000 tons at its Peoria, Ill., plant, where Commercial Solvents Corp. supplies 25 tons of pure carbon dioxide gas daily as a by-product from processing corn and other grains and is under a long-term contract that provides for a gradual increase of gas deliveries up to 150 tons daily. Altogether, Dry Ice Corp. operates 18 plants, 10 warehouses, and 40 special freight cars. It also has an agreement with Continental Oil Co. covering the development of a pilot plant to extract carbon dioxide from gas wells already drilled.

A similar development in the Quebracho (Mexico) fields by Globe Petroleum Co. (*The Business Week*, Aug. 20, 1930) has proved satisfactory. Although transportation difficulties have handicapped rapid progress, substantial enlargement of present facilities is planned for the 1932 season.

Use of CO<sub>2</sub> as a commercial refrigerant has been expanding rapidly. Price has been an obstacle. Dry Ice is still sold at 5¢ a pound with discounts to users of larger quantities.



*The Business Week*

### SEARS, ROEBUCK GETS THESE

The mail order house is one of the biggest fur buyers, paid out \$3 1/2 millions for 2 million pelts last year. These furs, worth \$35 at the market, may win \$10 to \$2,000 in the contest for the best prepared skins. Last year, a \$2.50 skunk hide won the \$2,000 prize

### Leipzig Fair Is Turning International

EUROPEAN NEWS BUREAU (Cable)—The Leipzig Fair, once the National German Export Fair, accelerated this year that trend toward internationalization which had become obvious in 1930. Foreign exhibitors for 1931 totaled 1,154 out of the 9,017 at the fair. Japan led with 287. Many countries, including Austria, Italy, Poland, and Japan have collective exhibitions.

The official register listed only 16



# Pick a public that's buying—and growing

AN OPEN LETTER TO THE CLEAR-THINKING BUSINESS MEN OF AMERICA . . . THIRD OF A SERIES

Check this statement in 1932 ✓

For those purchasers of advertising space who are scanning the business horizon today more keenly than ever before, we submit:

That there are plenty, yes hosts of good customers left for those businesses that appeal directly to the great central class of responsible men and women—people of sane mind, steady income and unshaken faith in the future.

The year 1931 is a time to take the new world as it now is, to base promotion policies on reason, to act with vigor and despatch and common sense. A year of unusual opportunity for many. But—no loafers need apply, no comets wanted, no conclusion-jumpers taken!

The recent "public relations" of *The Literary Digest* should be of special interest now to advertisers in search of a buying, growing market. Through its nation-wide polls, its regular radio-news broadcasts and its millions of mailings to telephone subscribers, *The Digest* has grouped its own public of alert and active families—proved responsive to advertising because their subscriptions were secured by advertising. *Good listeners.*

Almost without exception, our subscribers buy for one year only, or less.



*The Literary Digest is close to the life of the times, offering immediate national publicity to the advertiser who has a message of immediate national interest. It goes to press only seven days before delivery—thus having the speed of a weekly newspaper, plus its power as the leading news magazine.*

*The Digest enters the best million homes with telephones, a market which buys two-thirds of all advertised commodities—and buys them first. The Digest reaches 36% of all families with incomes of \$10,000 and up. Its list of subscribers is a roster of ready buyers in the upper income brackets.*

*For 1931, advertisers buy a guaranteed average circulation of at least 1,400,000 preferred prospects.*

*The Literary Digest*, be it said, enjoys the distinction of receiving the largest magazine revenue in the world from its subscription and news-stand sales. Here is a public that's *buying now*, a public whose living standards continue to rise, even in times of national stress.

In 1930, net paid circulation averaged 77,000 copies a week in excess of 1929 and 50,000 copies a week in excess of the 1,400,000 figure guaranteed to advertisers. And for the first three months of this year, *The Digest* will total 200,000 copies a week over that same guaranteed figure! Here is a great and growing public of constant readers.

*The Digest* has a higher percentage of renewals than any other magazine of large circulation. Add to that the fact that *The Digest's* reader interest and reader influence increased amazingly straight through the recent storm, and you begin to realize the advertising opportunity now open to businesses that intend to write up-curve into their records.

Go to this sound, responsible public with sound reasons for buying your product, for accepting your service. Readers of *The Digest* intend to live well this year, next year and every year. Their favor and friendship now are essential to business advance.

## ★ The Literary Digest ★

SOUNDING-BOARD OF AMERICAN OPINION

*"The Literary Digest is known to students of the publishing business as the sounding-board of American opinion. No other periodical in history has held a similar place. Time after time, its finger laid on the pulse of the people has been the one true index of national sentiment."*

United States exhibitors, but the number of American concerns represented through German manufacturing or distributing subsidiaries exceeded 50, this exclusive of a still greater number of German agents exhibiting American products, notably machinery. As an example, the German Bakelite Co. pavilion occupies the central space of the whole fair. This year, for the first time, the U. S. Department of Commerce opened its own information bureau.

### **Germans Now Reconciled**

German manufacturers, used to viewing the new international trend at Leipzig with jealousy and dismay, now have become reconciled, realize that it adds prestige and importance to the fair.

The depression made itself apparent in the reduction in the number of exhibiting firms 5% below the 1930 total. But business was rather above the low expectations, due partly to satisfactory foreign buying attracted by drastic price cuts. Number of buyers from European countries, notably England and France, was almost unchanged; that of overseas buyers, including Americans, below normal. Machinery, leather, porcelain, and some other industries report fairly satisfactory business. Sales of building materials, dependent primarily on the domestic market, were unsatisfactory.

## **Mr. Schwab Forearms Against a Bonus Attack**

CHARLES M. SCHWAB, chairman of Bethlehem Steel Corp., had good reasons for sitting down and writing a long letter to his stockholders this week. On April 14 he is going to ask them formally to approve the Bethlehem bonus plan that received so much publicity at the Bethlehem-Sheet & Tube merger trial. Soon he must discuss this plan at another trial, defending the suit brought by 4 of the stockholders—now joined by 18 others—to compel Bethlehem officers and directors to repay some \$30 millions disbursed in bonuses since 1911. On both occasions, his long epistle describing the plan in detail is likely to come in handy.

Suing stockholders who charge that the bonus system was operated without their knowledge will find Mr. Schwab's opening paragraphs particularly interesting. He writes:

"The system was described in detail in the Annual Report of the Corporation for the year 1916. It was explained at length at the stockholders meeting in 1917 when it was formally approved and adopted by them, and at the annual meeting in 1918 the stockholders further considered the system and adopted a by-law regulating its administration."

Accompanying the Schwab letter is a statement showing detail bonus payments since 1918. Total paid during this period was over \$25 millions, of which Eugene Grace, president, received over \$10½ millions, an average of \$814,000 a year. In 1930, 14 executives participated in the distribution of \$1,983,856; Mr. Grace received over \$1 million of it. The largest total bonus payments during the period shown were \$3.8 millions in 1919, \$3.4 millions in 1929.

## **New York Wheat Pit Owes Life to Farm Board**

WHEAT quotations on a New York market appeared in the morning papers for the first time since 1925 when the New York Produce Exchange opened trading in Canadian bonded wheat this week. Behind these figures is a dramatic story in which the Farm Board is the leading figure, almost the hero. New York once ranked with Chicago as a leading market in wheat trading, especially for export, but by 1900 it began to decline and in 1907 abandoned futures trading. An attempt at a revival in 1925 failed; after 12 months was given up.

Now, New York is again making a bid for position as a wheat market. Farm Board operatives have made it the only free market for wheat in the United States, and the Produce Exchange evidently feels that this situation will continue long enough to make the trial worth while.

In all other markets in this country the domestic price is pegged by Farm Board buying and selling. Speculative interest and opportunity have been dried up. Grain traders have taken to Winnipeg. Exports of domestic wheat dwindled to a bare 1,000 bushels last week. American millers can't buy American wheat at pegged prices to grind into flour for export sale at world prices.

But millions of bushels of Canadian wheat move through Buffalo for export as grain or milling in bond to be exported as flour, and Buffalo has become the greatest grain and milling center in the world. Trading in this wheat is not only a great business opportunity, but a convenience and a necessity for American millers who will have an opportunity not offered elsewhere in this country to hedge their purchases of grain. So long as the shadow of the Farm Board hangs over the American wheat market the new crop of wheat traders in the New York Produce Exchange pit look for a rushing business.



*The Business Week*

### **THE CENTER OF THE LEIPZIG FAIR**

*Under the old market place, where the fair began centuries ago, craftsmen still show their wares. The buildings which look down on the parked cars have changed but little in 700 years*

# When the QUOTA is a tough "get"



THERE are times, as every tennis player knows, when the best of rackets and the good right arm don't seem long enough. There are times, also (as every sales manager knows), when the sales budget seems inadequate to meet both quota and profit requirements.

It's pretty hard to supplement the tennis racket or the right arm... but it is, fortunately, rather easy to supplement the reach of the selling appropriation. It's being done every day... with the Multigraph, Compotype, Set-O-Type, Lever Addresser, and other equipment in the complete Multigraph line.

Customers are contacted between salesmen's calls. New customers are brought up to the closing point before salesmen call. Special announcements or timely sales ideas are put into the hands of thousands of customers simultaneously, in less time than it takes a salesman to cover one small town.

Advertising counselors, with responsibilities for results from large appropriations, are finding it worth while these days to recommend Multigraph campaigns and selective selling as a first line activ-



For multiplying and intensifying the contacts a sales department can make, the Addressing Multigraph is a successful unit in many a national sales and advertising campaign.

## Increase your reach with

ity in major selling plans. Ask any Multigraph representative about it.  
**The American Multigraph Sales Co.**  
 1830 East 40th St., Cleveland, Ohio  
**The Multigraph Sales Company, Ltd.**  
 137 Wellington St., West, Toronto, Ont.  
 (or consult your telephone directory)

# The MULTIGRAPH





"ABOUT THE PRICE OF SUGAR . . ."

Thomas L. Chadbourne (right), sponsor of the world plan, gets the low-down from Cuba's sugar authority—Senator Gutierrez—before leaving for the final conference in Europe

## That Pool Looks Cold To Chicago Railroad Men

POOLING of passenger train service by western railroads on the Chicago-St. Louis and Chicago-Twin Cities routes is again being discussed as rail officials seek to reduce operating expenses. Transportation authorities doubt whether it will eventuate, even though the roads involved have before them the example of similar action by the Northern Pacific, Great Northern, and Soo Line on the St. Paul-Duluth run, and by the Northern Pacific, Great Northern, and Union Pacific between Seattle and Portland.

On the Chicago-St. Louis route, the Illinois Central, the Wabash and the Chicago & Eastern Illinois are pooling their advertising, and some observers maintain that at least two of them might possibly go along with a pool of passenger service. The Chicago & Alton, however, carries the bulk of the business and is known to be averse to surrendering part of its revenues to less fortunate neighbors.

A similar situation on the Chicago-Twin Cities run holds up any pooling

agreement on that route. The Chicago, Milwaukee & St. Paul gets the cream of the business, with the Burlington and the Chicago & North Western in the next bracket and the Soo Line and Chicago Great Western handling a smaller traffic.

Seventeen passenger trains move each way daily over the 4 lines between Chicago and St. Louis; 14 between Chicago and the Twin Cities. The tendency is for trains on the different roads to depart at about the same time. By staggering schedules, it is pointed out, through passengers can actually be given more frequent service even if the total number of trains is reduced.

A high official of one road operating over the Chicago-Twin Cities route told *The Business Week* that, if the plan goes through (which he doubts) it probably will be on a basis of a proportionate percentage of traffic carried by the roads over a period of several years. With the Burlington increasing its business as a result of new equipment, and with the North Western in

the same position, it is believed these two roads would prefer to fight for traffic with the Milwaukee rather than pool earnings and submerge the individuality of their service.

Any such pool, it is thought, would lead to similar steps on the Chicago-Omaha and Chicago-Kansas City routes, each of which would involve half a dozen lines and the pride which each company takes in its pet trains.

## 2-Car Elevator Is Built to Save Space

LONG-TALKED-ABOUT as a means of getting better space utilization of elevator shafts in tall buildings, the 2-car elevator has become a fact in the main office building of Westinghouse Electric & Manufacturing Co.

The upper car is express and serves the upper half of the floors. It loads at the ground floor while the second car is in the basement. While it proceeds, express, to its destination the lower car takes on passengers at the ground floor and serves the lower half of the building.

Each car is independently operated and is quite unrestricted in its movements except that automatic controls prevent the express car from running downward when the local is moving up, keep the local from approaching too close to the express.

Westinghouse engineers estimate that dual elevators will save enough space, particularly in buildings of 20 stories or more, to finance the entire installation.

## Merging Roads Will Make Hay While the Sun Shines

IMMEDIATE action toward obtaining a ruling by the Interstate Commerce Commission on the Eastern trunk line merger agreement by the 4 railroads involved is probable, now that Congress has adjourned without impairing the powers of the commission over rail consolidations. With the adjournment, the possibility of legislative interference which would have wrecked the entire set-up has been removed.

The railroads followed a policy of watchful waiting during the session and provided no specific proposals which could have been used as a target for legislative action. They now have 9 months in which to push their plan to completion before Congress convenes again, and it is reported they will lose no time in swinging into action.



# CHAIN BELT COMPANY

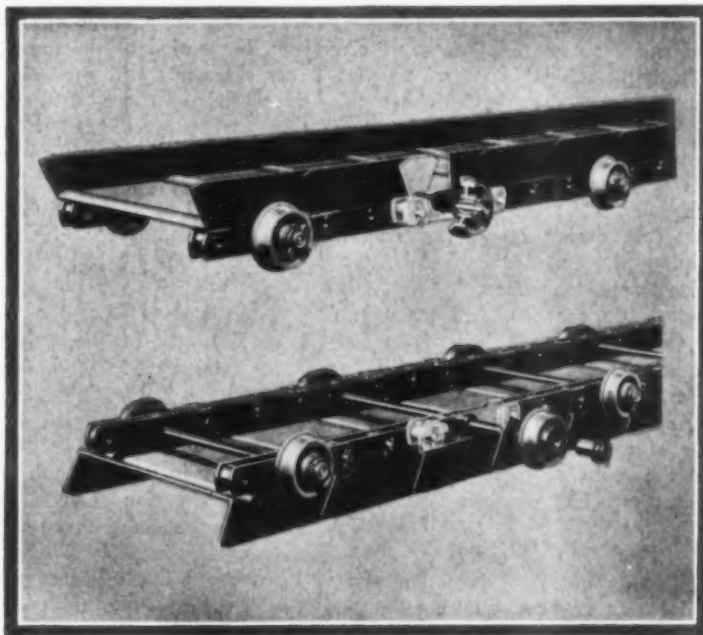
**40 YEARS** OF INVENTION IN TAKING THE JOB TO  
THE MACHINE OR IN TAKING THE MACHINE TO THE JOB

## THE FEEDER THAT BECAME A RAILROAD TRAIN

The Apron or Pan Conveyor once was a most popular type for conveying bulk material, even though limiting factors held it back from complete usefulness. It was not entirely immune from leaking at its joints and the chain loading was eccentric, the pull off center.

So the heavy duty apron conveyor later became a short length feeder, where its shortcomings would not be multiplied to offset its advantages.

Then the Chain Belt Company Engineers undertook to make it a better feeder—they did, and its old fields opened wide again. Equalizing saddles now transfer the carrying load to the outboard rollers and impose the power load equally. The terrors of eccentric loading have vanished.



*Cutaway view, showing Equalizing Saddles, Renewable Outboard Rollers and Bushings, and Overlapping Leak-Proof Pan Construction*

The sections, each one practically a miniature steel gondola, hook together to form a leak-proof, straight forward moving train.

A superior type of feeder, a new type of conveyor that travels any distance, was evolved for handling difficult materials, abrasive, hot, coarse or fine, and sharp-edged things like steel scrap and hot forgings and castings, etc.

Standard parts are carried in stock. Unusually prompt delivery can be made.

**CHAIN BELT COMPANY**  
1650 W. Bruce Street, MILWAUKEE  
District Offices in 19 Cities

## CHAIN & BELT CONVEYING

### REX DRIVE CHAIN - REX CONSTRUCTION MACHINERY

# Refrigerator Ships Speeded Up To Handle Pacific Coast Fruit

THE outlook for a European export crop of approximately 3 million boxes of California citrus fruit this year, together with the expected Pacific Northwest apple exports of approximately 6½ million boxes, has been met with the announcement of European-Pacific refrigerator ships that sailing frequency from the Pacific Coast this season would be doubled and in one instance, at least, tripled.

The Donaldson Pacific Lines have scheduled 11 sailings to the United Kingdom during March and August, tripling the customary schedule. The Blue Star Line, pioneer British refrigerator ship operator, will maintain a weekly frequency in lieu of its fortnightly and 10-day schedule. Other lines, particularly those plying to Europe, are either increasing the number of carriers, placing larger carriers on the route, or enlarging the refrigerator capacities of their vessels.

## Shipping's Bright Spot

This movement of fresh fruit from the Pacific Northwest during the current export season is the outstanding bright spot in water shipping, which otherwise has been seriously depressed. More full cargoes of fresh fruit have steamed from the Northwest in the last 5 months than in any previous corresponding period.

During the calendar year 1930, 3,785,797 boxes of apples and 457,-

239 boxes of pears, a total of 4,243,036 boxes, moved over Seattle terminals. For the October-January export season, movement of apples from this port totaled 3,388,592 boxes, an increase of 1,440,738 boxes over the corresponding period of the previous year. Pear shipments will probably increase these totals by about 10%. Up to the latest count on the 1930-31 season, there had been 1½ million boxes of apples and pears shipped from the Portland, Ore., terminal, considerably more than in the 1929-30 season.

## New Shipline Terminal

Citrus exports from the San Francisco Bay area for the calendar year 1930 totaled 855,077 boxes against 651,950 for 1929. Other fresh fruits exported in 1930 totaled 19,731,230 lbs., compared with 6,402,586 lbs. in 1929. The increase in fresh fruit shipments from San Francisco is due largely to the establishment of the ship-side cold storage terminal last year. Plans are being made to more than double the capacity of this terminal.

The Los Angeles harbor department reports its citrus exports for this season as equal to the 1929 exports of 2,218,000 boxes. The 1930 export crop, reflecting a short total crop and resultant higher prices obtainable on the domestic market, was 150,000 boxes.

Other fresh fruits, including berries,

grapes, pears, and peaches, exported from this harbor in 1929-1930, totaled 533,720 lbs., compared with 389,312 lbs. for 1928-29.

Interest has been growing in recent years in the water transportation of Pacific Coast fresh fruit products, both to the Eastern seaboard and abroad. Great Britain, Germany, and Holland offer the best foreign markets, with France and the Scandinavian countries buying in considerable volume.

## Rail-and-Water Battle The All-Water Routes

How to combat the encroachments of all-water traffic in handling shipments between the Orient and the Atlantic Coast is the serious problem now confronting transpacific steamship lines and the transcontinental railroads. The situation has been aggravated by the recent severance of relations between the Pacific Conference and the Atlantic Far East Conference.

At recent meetings of the Westbound Pacific Conference, held at Los Angeles and San Francisco, the transpacific carriers and the railroads discussed their woes together. A joint committee was named to map out a plan of campaign to meet any move competing all-water routes may make.

For one thing the railroads propose a fast freight service overland to handle raw silk shipments. Cargo could be delivered in New York 20 days from Yokohama, 12 days by water, 8 days by freight—compared with 25 days by the present all-water route with transshipment at California ports.



THE DROUGHT WAS GOOD FOR THIS

• Dry weather was a help to Stone & Webster in the construction of the Rock Island dam near Seattle. This hydroelectric development of the Columbia River is the Northwest's biggest job. The cost, complete, will be \$28 millions; the capacity, 228,000 horsepower. The powerhouse is in the foreground; back of the spillway, left, will be a fishway so that the salmon can get up the river to spawn

# Burroughs



*One of many models especially designed for food stores, cafeterias, etc., that desire a detailed list of each customer's purchases and also a grand sales total.*

## NEW CASH MACHINES FASTER . . . SAFER . . . AND LOW IN PRICE

Retailers in every line are benefiting by the greater speed, ease of operation and absolute protection that Burroughs Cash Machines bring to the registering, recording and safeguarding of all transactions.

There is a Burroughs Cash Machine to meet the individual requirements of any type of business, in any color to harmonize with surroundings,

and at a price surprisingly low for all models.

The flexibility of these new machines . . . their sturdiness and durability . . . their space-saving compactness . . . their smart, up-to-date appearance . . . their adaptability to all kinds of figuring work . . . are winning acceptance everywhere.

Call the local Burroughs office for a demonstration, or for descriptions, prices, and easy terms.



*One of the many styles designed for stores where single item sales are the rule, such as drug stores, shoe stores, hardware stores, etc.*

**IMPORTANT ADVANTAGES**—Every sale printed and recorded . . . locked-in totals under owner's control . . . totals of quantities as well as amounts . . . separate totals of cash sales and charge sales . . . detail tape . . . enforced identification of clerks . . . self-correcting keyboard . . . each key set at the same angle, has a short stroke and light, uniform, easy key depression . . . validates paid-outs or sales tickets . . . descriptive keys . . . totals each customer's purchases, furnishes detailed receipt . . . hand or electric models . . . requires minimum counter space.

**BURROUGHS ADDING MACHINE COMPANY**  
6233 SECOND BOULEVARD DETROIT, MICHIGAN



*One of many styles for the automotive business. Designates commodity sold, cash or charge. Has totals of quantities and amounts.*





International News

#### THEY WON THE STRIKE

Messrs. Johnson, Schultz, Mercer, and Semont, agents of the American Woolen Co. mills at Lawrence. With city officials, they called for a vote among the 10,000 workers affected. The workers went back to work

## Employment Cheers Mr. Green But Wage Cuts Depress Him

IN February, for the first time in many months, the number of unemployed persons declined, according to the American Federation of Labor. President Green reports that union unemployment dropped 0.7%; that total unemployed industrial workers (excluding office and agricultural workers) declined from 5,870,000 in January to 5,770,000 in February.

But the Department of Labor notes that wage cuts during January were 3 times as numerous and affected twice as many workers as in any month since the depression began. Wage cuts affecting 43,000 employees were reported by 335 concerns. Previous high month was last August, when 133 companies cut the wages of 25,000 employees.

Mr. Green sees this tendency toward wage cuts as likely to prolong the depression. He points out that in 1921 the depression continued 12 months after labor was "liquidated"; asserts that workers' incomes today are 37% below the 1929 level in factories; 21% below on railroads; adds that "wage cuts project these losses into the future and lower living standards and buying power for a long time to come."

Over 100 trade associations are co-operating with the President's Emergency Committee for Employment to stabilize employment within their industries, Chairman Woods reports.

They first are canvassing their members to ascertain present conditions; then they will advise all members of what is being done in comparable concerns to keep employment at a maximum.

Extension of employment in construction work is forecast by reports made to Colonel Woods that 45 states plan to spend this year \$200 millions for state buildings and \$850 millions for highways. Leaders are New York, \$103 millions; California, \$80 millions; Louisiana, \$54 millions; Illinois, \$52 millions.

### American Woolen Wins Short-Lived Strike

AFTER a 10-day strike some 10,000 workers at American Woolen Co. plants at Lawrence, Mass., returned to work last Friday under the conditions which prevailed prior to the walkout. The strike began with a walkout of 60 combers in the Washington Mills when the company, under a new "sales minded" management (*The Business Week*, Dec. 17), inaugurated a modified "stretch-out" system whereby 2 operators would run up to 9 machines instead of 1 handling 3 machines—the common practice.

The National Textile Workers Union (of communistic tendencies and not to be confused with the United

Textile Workers of America, affiliated with the American Federation of Labor) stepped in, increased the number of strikers to about 1,400; caused the shutdown of mills employing some 10,000. In addition to the original demands of the striking combers, the union demanded its own recognition by the company; discharge of all efficiency workers, time-and-a-half for overtime work.

Through the efforts of the company and city officials, mill workers voted Thursday night and 1,641 to 455 decided to return to work the next morning. A few hours after the 10,000 workers had returned to work, 2 of the strike leaders, Edith Berkman, organizer for the N.T.W.U., and Patrick J. Devine, were being held in \$86,000 bail on charges of conspiracy to intimidate workers and to destroy property; and Miss Berkman and William Murdock, a union official, were in the custody of immigration authorities, faced with deportation.

### Iowa's Hog Farmers Have A Whale of a Competitor

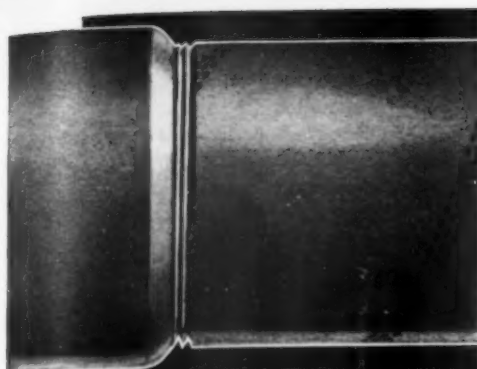
SPEAKING of new developments in inter-industry competition, there is the case of the Iowa hog farmer vs. the Norwegian whaler of the Antarctic.

Cudahy Packing Co., explaining in the 1931 report to stockholders a recent falling off in lard exports, cites as a main reason a 300% increase in production of whale oil since 1926. Its volume is now half that of all lard produced in the United States.

Formerly, whale oil was used mainly for lubricants and in soap-making. But since a German chemist discovered how to eliminate the fishy taste by hydrogenation, the European margarine pool has taken over half the annual production. Its use in margarine manufacture has not been introduced into the United States. Procter & Gamble is the biggest whale oil buyer here.

Ten years ago half a million barrels of whale oil were produced annually; 5 years ago a million; now more than 3 million. Whales run a little over 100 barrels of oil apiece, each barrel 400 pounds. This means about 30,000 whales have been killed during the year past. And there are more in the ocean than ever were caught—recall "The Bay of Whales" in the Byrd picture.

Whaling is now a far cry from the days of "Moby Dick." The modern harpoon, which has made possible its large scale revival, is shot from a gun



**N**O OTHER PRODUCT WAS EVER  
PROVED BY SUCH TERRIBLE TEST-  
ING BEFORE IT WAS MARKED SO  
YOU CAN BE SURE OF GETTING IT . . .

*Unfailing supplies of clear, sparkling water, unclogged heating lines, and freedom from repairs at low cost are made possible by metal tested for 83 years.*

For 83 years Reading has been assuring clean water, unclogged pipe lines, and freedom from repairs for many, many years, by making pipe of genuine puddled wrought iron.

In modest home, in mansion, in factories and buildings, large and small, on locomotives, railroad cars and ships, under water, under ground, on the surface, between walls and floors, this pipe has been given all the terrible tests of service in every conceivable way for over four generations.

Only seven years ago, every inch of Reading Genuine Puddled Wrought Iron Pipe was marked with an indestructible indented spiral so that you can be sure of getting the pipe that has passed the tests of time.

It had to be marked because many people had become careless in using the word "iron". For many years "iron" had popularly meant puddled wrought iron as Reading made it then and still makes it. Quickly-rusting materials were developed that look like "iron", and often are sold as an "iron". But, of course, they failed to give the service which only genuine puddled wrought iron gives.

That's why, if you want permanence, freedom from repairs, and unfailing flow of water, air, gas, oil, or other liquids, look for the honest spiral, mark of the pipe that has been tested for four generations.

*For information and quotations address*

**READING IRON COMPANY**  
Reading, Pennsylvania

For your protection this indented spiral forever marks all Reading Pipe.

### Reading Products

Boiler Tubes	Heavy Castings
Pipe	Tubes
Nipples	Bar Iron
Couplings	Billets
Casing	Cut Nails

**READING**

*Science and Invention Have Never Found a Satisfactory Substitute for Genuine Puddled Wrought Iron.*



**PIPE**

*Use only Reading 5-Point Nipples with Reading 5-Point Pipe . . . you'll know them by the indented spiral band.*

# EDIPHONE



EDISON'S NEW  
DICTATING MACHINE

## EDISON Made the Shortest Shorthand

Dictation is voice-written by lifting an Ediphone receiver—simple as telephoning—without depending on notebook routine. This instant service gains an hour a day—fully a month a year.

And, busy secretaries freed from notebook interruptions have several hours a day for other important duties.

Our National Service will prove this at your desk and guarantee the continued satisfaction of your entire office. Hundreds of our old customers, nearby, will tell you so. Telephone "The Ediphone," your City, or write for our book, "An Easy Way to Chart Your Correspondence."

THOMAS A. EDISON, INC.

ORANGE, NEW JERSEY

World Wide Service in all Principal Cities

and discharges an explosive at its tip a second after it strikes the whale.

A modern whaling expedition includes a big mother ship—a "whale oil factory"—and 4 or 5 little ships—"whale catchers" that trail along. When one of the catchers makes a catch it radios, "Mother, mother, I've caught a whale," and the mother ship comes and takes charge. Blubber is rendered into oil on the spot, meat and bones into fertilizer. Whale meat, which is not a delicacy, but which finds some sale in

the Orient, is canned. One whale produces as much meat as 100 cattle. Sometimes a supply ship comes out to take back oil and fertilizer, leaving the main expedition to continue hunting.

Whaling has supplied a market for used ocean liners, ships as big as 20,000 tons. Recently, however, whale oil factories have been built in English shipyards.

Norwegians dominate the whaling business, aided by considerable English capital.

## It Didn't Take a Drought To Dry Up Umbrella Sales

AMONG the industries echoing the farmer's supplication for rain is one small group which makes up in fervor for lack in numbers. It is the embattled remnant of the once-flourishing umbrella business. The drought is a climax to a long train of tribulations.

In the ancient East the umbrella (Italian "ombrella" meaning shade) was an insignia of power and royalty. Its farthest fall from that lordly condition is registered in this country. While the male umbrella-toter may not be the target for waved hands and falsetto insult—as in Greece and Rome—he is considered an old fogey. The automobile has abetted the downfall. A race that rides in closed cars needs no shield against rain. And, anyhow, raincoats were never so cheap.

Two years ago the Umbrella Manufacturers Association gave up the ghost. It had about 150 members. Fatalities since that time have been about 33⅓%. Competition is so deadly that purveyors of materials to the manufacturers seek some form of regulation. Recently a credit group was formed in New York by the companies supplying manufacturers. Its chairman is William Lustgarten, of Ecker & Lustgarten, New York. There are about 25 of these concerns. They hope to reduce their own risks and to stiffen the industry by curtailing credit where abuses are threatened.

### The Horrible \$1 Umbrella

For one thing, they intend to discourage the production of that atrocity, the dollar umbrella. These insults to the industry appear magically with the first drops of rains, are sold by hawkers whose integrity is no better than that of their wares. The cheap cotton covers

are no protection against the rain; it is risky to open one a second time.

Time was when a man had a favorite umbrella (with a carved dog or lion head for a handle) which he had recovered time and again. The only present reminder of that demand is the few higher-priced sales made for gifts around Christmas when you may fancy something nice in compressed egg shells or in rhinoceros horn—latest fad, cost somewhat dependent on the amount of stagnant blood remaining in the horn. But best sellers for women now retail at \$2.95.

### Change in Styles

Also the ladies have deserted the parasol. Instead of avoiding sunshine, they now bake themselves in it. The big parasols for beaches and lawns do not help the old timers in business since they are made by other companies.

In Europe shops devoted to umbrellas and canes are found on the most fashionable thoroughfares. European manufacturers do a big business with South and Central America. American competitors are beginning to look into that market. There yet remain such home territories as Oregon and Washington, where the precipitation is reliable, where a sensitive man can walk the streets with an umbrella hooked over his arm. There are a few optimists who hope that during the drought so many umbrellas have been lost or allowed to deteriorate that a wet spell will bring customers into the market in a big way. However, when you inquire if there isn't a possibility of rousing the nation to a state of umbrella consciousness those in the business retort by asking whether you would like to go into the manufacture of buggy whips.



# YOUR Business

## Where the DALTON can Make and Save Money in One Month

**T**WO companies merged. Replaced two old accounting machines with one Dalton. They say "We figure it earns \$1220 a year . . . besides paying for itself annually."

A manufacturer in Syracuse, N. Y. had a stock control problem. Today . . . a special Dalton tells when re-ordering of any item is necessary. Does it automatically. Prevents over or under-stock. Saves time. Saves money. Saves labor.

A shoe manufacturer tested every type of adding . . . calculating . . . bookkeeping machine on the market. Chose 3 Daltons. And they replaced 7 other machines. Figure the saving for yourself.

Dalton has gained its leadership not simply by its outstanding mechanical principles. Rather . . . by the application of these principles. By saving money. Cutting corners. Doing two days' work in one.

It is the product of an organization that knows where to look for these savings. That ferrets them out. An organization that can make money for itself only by saving it for you.

Read the list of Dalton-speeded operations on opposite page. Then indicate on the coupon below, the department or problem in which you are most interested. It will bring you practical money-saving suggestions, prepared by experts who know your business. Free. And they commit you to no obligation.

An adding . . . subtracting  
... multiplying . . . dividing  
... two-column . . . statement  
machine. Six machines in  
one! With seventy-one keys  
less than an ordinary add-  
ing machine. No wonder  
the Dalton saves money.  
The Dalton operator can  
attain greater accuracy and  
speed than any other.  
World's records prove it  
... Dalton holds them all



## Business Service

EXECUTIVE OFFICES . . . BUFFALO, NEW YORK

*Sales offices in all leading cities*

REMINGTON RAND BUSINESS SERVICE,  
Buffalo, N. Y.

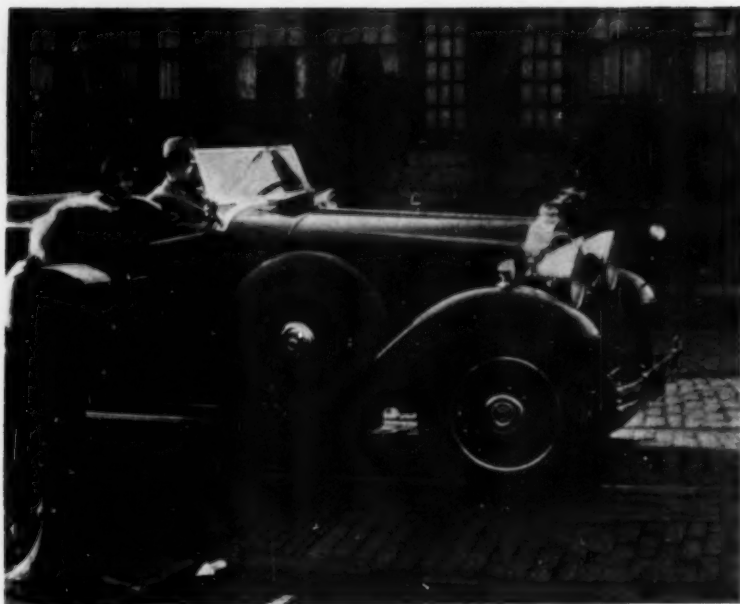
In the following department (or problem)  
show me how the Dalton could save money:—

Name \_\_\_\_\_

Title \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_



The Business Week

#### LIGHT CHANGES TRAFFIC LIGHT

*By stopping before entering the Lincoln Highway at Wilksburg, Pa., this automobile interrupts the beam between the projector (left), and the receiver across the street, changing the light. Vehicles making right turn, on entering from the highway, cause no change. By this going red only when necessary, traffic is speeded up*

## State Legislators Are Blowing Tax Rings Around Smokers

### Effort to Fill Depleted Treasuries Redoubles Threat Against Cigars, Cigarettes, and Tobacco

PEOPLE with money to burn offer tempting targets to states with legislative bowstrings tightened to shoot new tax legislation at any game that will replenish depleted treasury larders. In many states where he still enjoys the privileges of a year-round closed season, the man who burns his odd change at the lighted end of a pipe, a cigar, or cigarette will have to do some expert dodging if he gets through 1931 without being hit.

Eleven states levied some sort of tobacco tax on March 1, 1931, most of them in the South and West. Rural legislators are now clamoring for increases on such taxes in these states; want to duplicate them in other states. As in the past, they are being opposed by assemblymen and senators from the big cities, frequently by the newspapers, usually by such allies in the battle against nuisance taxes as those who sell gasoline, confectionery, chewing gum, ice cream, and entertainment.

Their efforts have been defeated in more than 33 states at more than 100 legislative sessions in recent years, but the financial necessity gives them fresh encouragement this year.

They can point to drastic action in states where they have won victories. Arkansas, for example, taxes cigarettes \$2 a thousand; cigars, 10% of their retail price; now wants to raise the cigar tax to 20% and to tax manufactured tobacco. Iowa collected \$1,300,000 in 1929 cigarette taxes, may revive this year proposals for a cigar tax, defeated in 3 recent sessions. South Dakota hits cigarette smokers for \$300,000 a year and is again debating an impost on other kinds of smokes despite several rebuffs. Cigarettes have always been most vulnerable.

Iowa and Ohio specialize in city and county tobacco licenses and taxes to the greater confusion of smokers. Result of such legislation has been to localize the tobacco business with dealers regarded

as independents, to restrict chain store sales of tobacco products. Des Moines recently refused cigarette sales licenses to A. & P. branches on the allegation that this chain cut cigarette prices

#### Easy to Tax

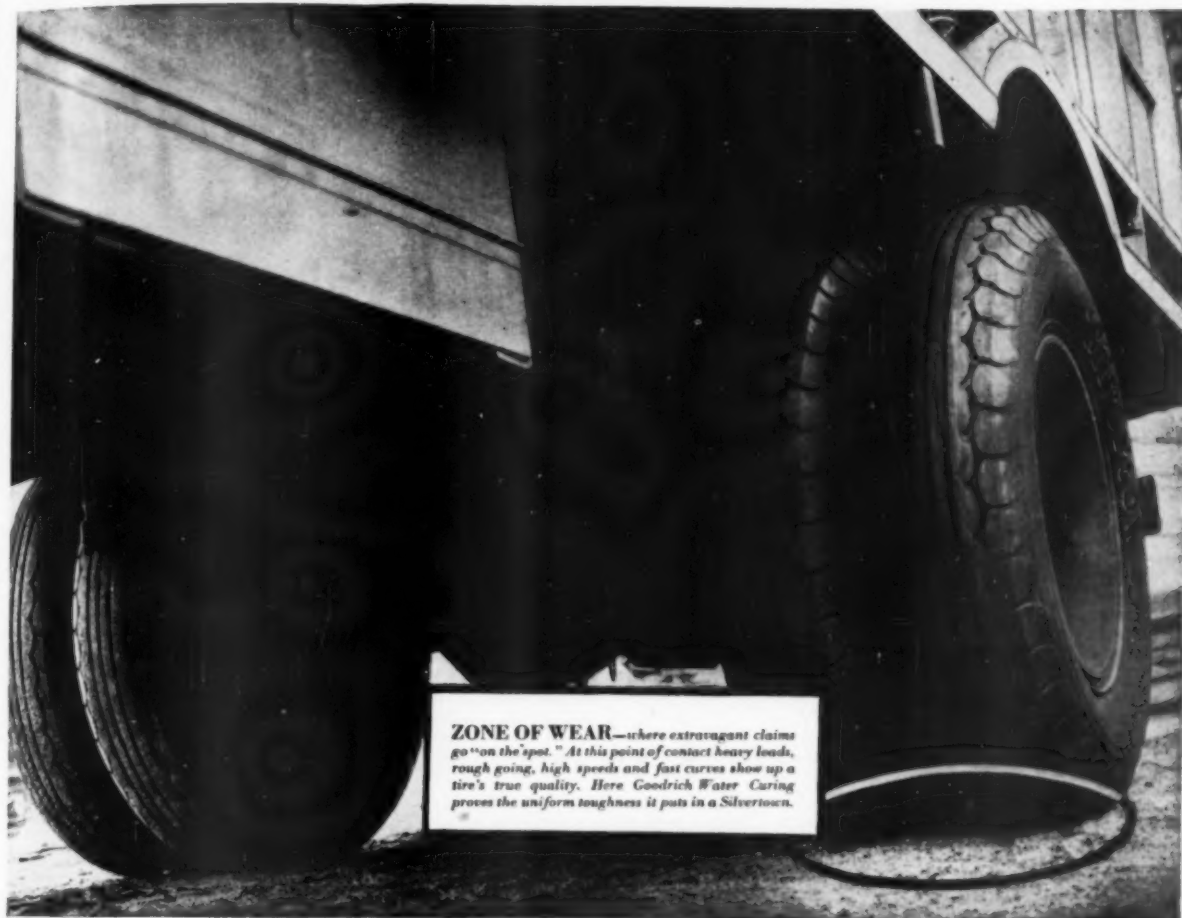
The wave of tobacco legislation runs right across the country. Some of the recent proposals have already been mentioned. Kansas has been talking about adding cigar and pipe tobacco taxes to its cigarette legislation. Wyoming missed a tobacco tax only by its governor's veto; New Mexico by a popular referendum. Michigan killed a law to tax cigarettes and cigars by a repeal vote. Connecticut debates a proposal by butt-conscious State Forester Hawes that cigarettes be taxed to raise a fund for state forest protection. Ohio's legislature is asked to collect \$4½ millions annually for the state health department by levying a 1¢ tax on each 20 cigarettes. New York's Assemblyman Cuvillier sees \$15 millions a year in his bill for a similar tax on cigarettes, for 5¢ a 100 on cigars, 2¢ a pound on pipe tobacco. Alfalfa Bill Murray would raise the ante to 5¢ on 20 cigarettes and collect an estimated \$1 million for Oklahoma's schools.

Tobacco tax proposals before other state legislatures are: Indiana, Montana—10% on all tobacco products; Delaware—10% on cigarettes and cigarette papers; Georgia—20% on cigars and cigarettes; Missouri—2¢ on 20 cigarettes; Texas—10% on cigars, \$2 a 1,000 on cigarettes; Vermont, 1¢ on 20 cigarettes; Utah—a graduate cigar tax to supplement its cigarette taxes; Pennsylvania—10% on cigars and cigarettes. And most of the bills have license fee clauses.

#### Breaking the Camel's Back

State taxes on tobacco must be added to the federal burden of 6¢ on 20 cigarettes, 18¢ a pound on all forms of smoking and chewing tobacco, and graduated taxes on cigars, making a total exceeding the amount that the government collected on liquor before prohibition. They add many strange complications to the business of supplying the nation's smokes. For instance, South Carolina recently seized all the Camels in the state because Camel's state tax stamps would not stick to Camel's new cellophane wrapper, a difficulty now understood to have been overcome by the use of a new adhesive. In some states, taxes have included bootlegging among these complications besides booming the sales of mail order houses in states not afflicted by taxes.

# LIVE CATTLE lose 49% LESS weight on these tires—



**ZONE OF WEAR**—where extravagant claims go "on the spot." At this point of contact heavy loads, rough going, high speeds and fast curves show up a tire's true quality. Here Goodrich Water Curing proves the uniform toughness it puts in a Silvertown.

## Survey shows Silvertown Balloons PROTECT both LOAD and TRUCK

**E**NGINEERS of The B. F. Goodrich Rubber Company recently made an unusual survey to determine just how much balloon tires for trucks contributed to more efficient handling of perishable and fragile loads. The findings were astounding.

Tests showed that livestock in transit lost 49% less weight when the trucks were equipped with Goodrich balloon tires as compared with high pressure tires.

One large shipper of cattle in Glencoe, Minnesota, observed that weight shrinkage resulting from regular type tires was reduced as much as 75%

by equipping his trucks with balloons.

Yet Goodrich balloon tires not only protect the load...they also protect the truck and the driver, saving considerable in hours and dollars.

The Goodrich Truck and Bus Tire Distributor can help you answer that important question—"Would balloon tires prove most economical for my trucks?"

The B. F. Goodrich Rubber Co., Est. 1870, Akron, Ohio. Pacific Goodrich Rubber Co., Los Angeles, Calif. In Canada: Canadian Goodrich Co., Kitchener, Ont. The International B. F. Goodrich Corp. (Export).

## Why BALLOON TIRES?

30% more mileage—says a fleet operator. 10 m. p. h. faster—from an inter-city express company. Greater traction—reports the contractor. Repair costs cut—the garage superintendent. Easier on the load—the records of a moving and storage house. More tons per day—a word from the delivery man. Less fatigue at 5.30 P. M.—the truck driver. Heavier loads over hotter roads—from the Imperial Valley, California.

# Goodrich *Truck* Balloons

another B. F. Goodrich Product



32,000 Rubber Articles • Goodrich Silvertowns • Zippers • Rubber Footwear  
Drug Sundries • Soles • Heels • Hose • Belting • Packing • Molded Goods





## Does your office suggest the Captain of Industry—or Corporal?

Designing floors for the rulers of American industry is a business we thoroughly understand. Our installations make dignified backgrounds for men in high position.

One such floor is pictured above. These "planks" are strips of Sealex Jaspé Linoleum, cut by hand and carefully pieced together, reproducing an Early American wide plank floor—even to the round dowels and "butterflies."

Or take another example. Recently we created, for a radio executive, a floor design symbolic of the spirit of radio energy. Anything is possible in our materials—from authentic period reproductions to dynamic modernistic effects.

Large-area installations also come within the scope of our service. Heavy duty Sealex Floors—noise-reducing, shock-absorbing—increase employee efficiency. Address your inquiries to our Business Floors Dept. Ask us about Bonded Floors service—Sealex floorings backed by a Guaranty Bond. CONGOLEUM-NAIRN INC. . . . KEARNY, N. J.

**SEALEX**  
LINOLEUM FLOORS

## Illinois Central Surveys Its Trade Empire

ILLINOIS CENTRAL has completed an industrial survey of territory served by the system in 14 states, one of the most comprehensive regional studies yet made. Eight men worked on it 15 months, traveled 60,000 miles.

Definite data on industrial opportunities in the Middle West and Central South are made available, with the spotlight on Mississippi, where, stretching out 2200 of its 7030 miles. Illinois Central is about as big a taxpayer and employer as are all the state's industries combined.

### Data Now Available

Facts on population, markets, industries, power, and many other matters surveyed have been mapped and tabulated in condensed, accessible form.

Numerous specific opportunities for new industries or branch plants are brought to light: woodworking, clay products, cement, building materials, chemicals, textiles and otherwise.

Opportunity for low-cost furniture manufacture in the area of Laurel, Miss., is indicated. A combination of favorable factors makes Meridian or vicinity a potential location for a rayon mill. Cement might be made at several points, with a large program of hard road development in the South promising a good local market. There is now no cement plant in Mississippi.

### Relocating Industries

Anderson Pace, in charge of the survey, admits there is excess national capacity in most of these lines, but states that strategic relocation of industry and eventual expansion will go on regardless. A good share of all industrial plants are improperly located, asserts Mr. Pace. Mark Fenton, Illinois Central industrial agent, reports 175 new industrial establishments on Illinois Central lines made in 1930, a total investment of \$7,770,950.

Unfortunately, Mississippi has acquired a newspaper reputation for backwardness which, like Chicago's reputation for crime, is a bad thing for local business, and not wholly deserved. Outstanding progress in diversification of agriculture, in dairying, and in growth of aggressive medium-sized cities has taken place in the past 10 years. It is not generally appreciated in other states. Jackson, state capital and biggest city, 47,934 population, more than doubled in size in the last decade.

## Everywhere the Oil Man Has a Fight on Hand

THE petroleum industry staged for the closing days of Congress one of Washington's bitterest fights in a vain attempt to get legislative protection from foreign oils which, say independent producers, are ruining the industry.

The main drive was behind the Capper-Garber Bill calling for limitation of oil imports to 16 million bbl. annually. It was not supported for passage and, in addition, was considered to be in violation of the Geneva Treaty banning preferential embargoes. Then oil interests tried to interest the Federal Trade Commission in establishing import ratios similar to domestic prorationing plans; and an attempt was made to obtain a Senatorial investigation of the industry. Latest action is the request by the governors of Oklahoma, Texas, Kansas, and New Mexico that President Hoover try to persuade the large oil importers to limit imports.

### Harassed by States

In the producing and marketing areas the industry was being harassed still more. Before the Texas legislature are bills with a fair chance of passage, which will separate the oil industry in Texas into 4 parts—production, transportation, refining, and selling—each to be carried on by a separate corporation. Other bills seek to divest major oil companies of their retail outlets and pipe lines and to regulate pipe line tariff rates by the State Railroad Commission.

In Oklahoma the House of Representatives has petitions that bear 130,000 signatures calling for the abolishment of prorationing agreements.

### Two Price Wars On

In markets, there is a price war on the Pacific Coast keeping company with one on the Atlantic Coast, with the interior showing a tendency toward increased prices. Major marketers in California cut 2¢ from their retail price, but their 19¢ is still well above quotations of independents, which range down to 15¢ at the moment. Independents have about 35% of the Los Angeles business and 10% of that of San Francisco, so that their inroads on the major companies through price cuts will not be long endured.

A few weeks ago Standard of New Jersey raised prices; was followed by other major marketers. Now the trend is down again, led by Standard of New York and Atlantic Refining Co.

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# Tea Flavor Safe Another Year; Tasters Finish Their Unique Job

## Black Tea Gains Favor Steadily, Helped Along by India's Aggressive Selling

As this is written, sundry small but triumphant tins of tea are traveling toward our different ports of entry. They are the government standards by which all teas imported for the year beginning May 1 must be examined as to their fitness for American interiors. The august U. S. Board of Tea Experts solemnly nominated the various grades, and dispersed.

Composed of the nation's foremost tea tasters, the board is the supreme court of the industry. It numbers 7—6 representing the trade, one the U. S. Department of Agriculture. Robert A. Lewis, of Chase & Sanborn, Boston, is chairman. Other members: Charles A. Hutchinson, chief tea examiner, New York; Edward Branstén, San Francisco; A. P. Irwin, Philadelphia; John N. Shaw, Seattle; F. D. Stillman, St. Louis; J. Harvey Swenarton, New York.

Enterprising movie cameramen filmed

the meeting, with sound. The captured vibrations were not the casual badinage of the meeting; they recorded the fine, zestful "whoosh" with which the experts sipped at samples. Exigencies of the test force the temporary abandonment of the rule that tea should be seen but not heard.

The board meets in a government office at New York. Members sit about a circular, revolving table. On the circumference is a row of plain white cups with no handles. Just inside these are different teas submitted by the trade. The tester does not swallow the brew. He lifts a spoonful, smells it, draws it noisily into his mouth, washes it about inside, then ejects it into a nearby receptacle. Noble brass urns as high as the table, they represent the supreme development of the *gobboon Americannus*.

During the week each expert tasted about 2,000 cups. Members protest

that the ordeal does not alter their affection for the brew. All are habitual tea drinkers at lunch and dinner, only relaxing their loyalty to admit a cup of coffee for breakfast.

Formation of the board was the result of inspection legislation passed in 1897. America had become the dumping ground for inferior teas, and the Department of Agriculture decided something had to be done. The trade has been especially pleased with the result. Seven grades are set by the test—one for East Indian teas, 2 for Japan, 3 for China, one for Formosa. Minimum standards are determined. An importer may raise his quality as much as he likes. But experts, tasting imports against test tea from the National Board, guard against anything of lower quality finding its way into American teapots. The exporter may re-ship rejected lots. Many of the sub-grades are sold in Canada and Mexico.

There is a definite swing toward black tea in the United States. One reason is a national appreciation for whatever drink has most kick. Another is intelligent organization and advertising. Black tea comes principally from India, Ceylon, and neighboring islands; its color and taste are due to the process by which it is fermented before it is fired or dried. Oolong tea (produced in Formosa) is semi-fermented before firing. Green tea is unfermented. China produces all varieties but it is not an aggressive exporter. Japan furnishes us most of our green teas. With demand for green tea falling while sales in black mounts, Japan is trying earnestly to produce a black tea. So far she has been unsuccessful, climate and soil being against her.

### Black the Favorite

American preferences trace well-marked geographical lines. The South, addicted to strong coffee, likes black tea because of its decided strength. Kentucky, true to the Southern average, takes 95% black. Across the river, Indiana and Ohio accept only 30% black. Most of the Middle West demands green tea. The Pacific Northwest is about 50-50. California votes 60% black. Boston, once an oolong stronghold, is turning to black.

Our trend toward black tea is enthusiastically encouraged by the India Tea Bureau, organized in 1928, supported entirely by the industry of Ceylon and India. It spends here a quarter million annually in advertising, teaches the proper making of tea in colleges and schools, boosts the display of its trade-



TEA TABLE

International News

Around its revolving top tea tasters seek to standardize the country's cup. Left to right are Messrs. Swenarton of New York, Stillman of St. Louis, Hutchinson of New York, Lewis of Boston (chairman), Shaw of Seattle, Branstén of San Francisco, and Irwin of Philadelphia





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in the heart of Africa or the depths of the frozen north.

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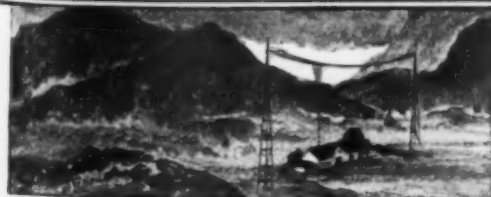
This telephone for airplanes grew out of many years' experience in making telephones and other apparatus for the Bell System. It is one more example of Western Electric's skill in the art of voice reproduction.

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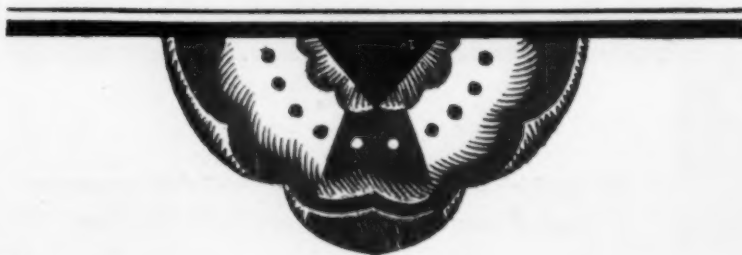
*The nation's leading airlines safeguard their passengers with Western Electric Airplane Radio Telephone*



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mark (a silhouette map of India) on packages and window displays. Wisely the early English overlords encouraged the planting of tea. India's conditions were perfect. She had plenty of rich, high, mountain lands, a mildly moist climate, and millions of hands for the picking. (Lack of cheap labor killed the promise of a tea-raising industry in this country after the Department of Agriculture had successfully grown the plant in North Carolina.)

### Trade Tepid

One is told that tea drinking increases during slumps—that a pound of tea will produce as much as 300 cups, while a pound of coffee yields but 30 cups; tea soothes the nerves grown jumpy from financial worriments. Maybe yes, maybe no. At any rate the trade is in a somewhat tepid and under-brewed condition. By agreement, planters in India, Ceylon, and Sumatra curtailed production by 57 million pounds last year. In spite of that, the world's tea stock is about 215 million pounds, most of it held in England. (Annual production is 900 million.) Hopefully the dealers observe that retail shelves are bare.

Indian growers look to this market with something of the yearning that footwear manufacturers put into their estimates of how many dozen they could sell if every Chinese were to invest in shoes. Our importations run around 90 million pounds annually. That is about 0.75 pound per person. Considerable tea, but a mere drop in the cup compared to the 11 pounds per head imbibed by Australia, greatest of the tea drinking countries, or 10 pounds per in the British Isles. (The Canadian, next door to us, consumes 4 pounds annually.) Now if America could be encouraged to imbibe, say 10 pounds per, total consumption would leap to a glorious 1,200 million pounds. Such speculations must be particularly alluring to the Indian planters, since 7 of every 10 pounds that we import are black tea.

### India Tea Program

The Indian Tea Bureau indulges in no wild fancies. Advertising, education and publicity seeks to get over certain arguments in this country: That black tea is satisfactory because the curing process best captures and preserves the properties of the leaf; that iced tea is an excellent summer drink; that tea is a man's drink. They foster the growing 4 o'clock tea habit. No attempt has been made to oust the breakfast coffee, the bean is too strongly entrenched.

## Automotive Exports Off 44%, Year's Figures Show

DUE in part to higher foreign tariffs, in part to reprisals against American products following the adoption of the last American tariff, in part to the world-wide depression, our automotive export sales during 1930 were 44% below those of 1929, lowest since 1924.

Direct exports of cars and trucks from the United States (245,166) declined most drastically—55%; Canadian production (154,192, which is included as a part of American foreign sales), only 41%; assemblies abroad of cars and trucks from parts manufactured chiefly in this country (159,849), but 15%.

### Americans Retrench

Our European sales were most heavily hit, chiefly because Europe offers the only manufacturing competition against American producers, so European agitation for restrictive tariffs and other measures was particularly active and effective. Reports from the European Bureau of *The Business Week* indicate that rigid retrenchment has been the keyword for all American automobile interests in Europe except General Motors and Ford.

Activity in assembly plants, other than of these 2 manufacturers, has been sharply reduced, in one or two instances abandoned. Showrooms have been closed, particularly in France, sales and service staffs dismissed. Several manufacturers have recalled their European sales managers and are making no effort to get business except through casual mail orders.

### Some Grew Too Fast

While the severity of this retrenchment is considered by some European observers to be greater than 1930 conditions, in themselves, warrant, it is pointed out that a number of companies expanded their operations during immediately preceding years much faster than could be reasonably justified. Many automotive men feel that a foreign assembly plant is unsound except for cars assured of a large and constant volume of sales.

Reports reaching the European Bureau of *The Business Week* indicate that 1930 sales of American passenger cars in Europe declined more than 20%—perhaps 35%—while sales of European-made cars dropped not more than 10%. In the truck field, however, there is evidence that European makes lost more ground than American.



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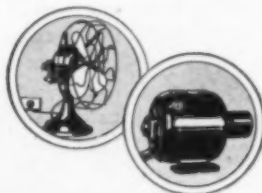
*If you have a problem in electrical-motored machinery, come to Robbins & Myers. We offer you the facilities of a completely modern plant and the experience of 33 years' precision manufacture in designing, building and applying electric motors, generators, fans and electrical appliances.*

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# Farm Board Disruption Reflects Cracking Up of Its Policies

If the Great Experiment Was Futile, It Was Also Inevitable; So Are Its Consequences

*(This is the first of a series of articles interpreting the present and prospective position of the Federal Farm Board in its relation to agriculture and business.)*

THE Agricultural Marketing Act, signed by the President June 15, 1929, and administered by the Federal Farm Board which began work a month later, is the greatest experiment ever undertaken by government in this country in behalf of a special group. This experiment was necessary and inevitable. Agriculture in this and most other countries has been in a state of chronic depression ever since the war, with only an occasional year slightly better than the others, in face of unparalleled prosperity in most other business. The political unrest aroused by this contrast finally threatened to disrupt the Republican party and forced it to pledge some definite action to help the farmer. No party could have evaded this demand in 1928. The legislation adopted was a compromise with the extreme demands of those who wanted to try the McNary-Haugen plan which President Coolidge vetoed; but, in many respects, the result has been the same as though the McNary-Haugen proposal had been adopted.

## Curtain, Act I

The first stage of this experiment, and perhaps the whole thing, will come to an end in the next few months, 2 years after it began. The original Farm Board personnel is about to break up under the strain. Legge, the fighting chairman, has said he will resign and return to his International Harvester job after Congress adjourns, though the President may persuade him to stay to deal with the crisis which the board faces while Congress is away. James C. Stone, now vice-chairman, a more diplomatic temperament suited to the routine government bureau into which the board may be transformed, will probably succeed him. Sam R. McKelvie, on whose shoulders the incubus of the wheat surplus sits, will duck out by June 15 when this year's crop begins to move to market and to whatever destiny awaits it. Teague, who bears away some victories for California grape growers and legal grape juice

consumers, will also resign June 15. William F. Schilling, who has labored with some success but without much appreciation in behalf of the dairy producers, is not expected to be reappointed when his term expires June 15. Chris Christiansen, the board's secretary, not content with a rubber-stamp function, will resign; and J. S. Davis, chief economist of the board, chagrined by the



JAMES C. STONE

*The vice-chairman of the Farm Board is likely to succeed his boss*

irreconcilable conflict between economic theory and facts confronted by the board in the course of its activities, indicated last December his determination to return as soon as possible to quiet contemplation in the academic cloisters. Only Carl Williams, carrying a million and a half bales of cotton on his back, C. B. Denman, still trying to corral a lot of recalcitrant livestock cooperatives into a national organization without being

trampled beneath the hoofs of enraged commission men, and Charles S. Wilson, facing a nation of still unorganized vegetable growers, will be left with Secretary Hyde to hold the Farm Board fort against its embattled enemies, human and natural, until Mr. Hoover nominates some new recruits, or victims, for this great experiment.

This disruption of personnel, however, is only a symptom of the far more significant pressure of events under which the board's policies are cracking like a ship in an ice-pack. Board members who are leaving doubtless do so in part for personal reasons other than the natural impulse to dive off a sinking ship as quickly as possible. The whole world knows now that the board faces the most formidable problems that ever confronted a governmental body in this country. It believes that the board has failed in the things it set out to do, and that it is doomed to fail in dealing with the problems it now faces. The first of these beliefs is only partly justified and the second is probably right but a bit premature. There seems to be no way out of the board's predicament, but between now and July 1 it may find one.

## Consequences Important

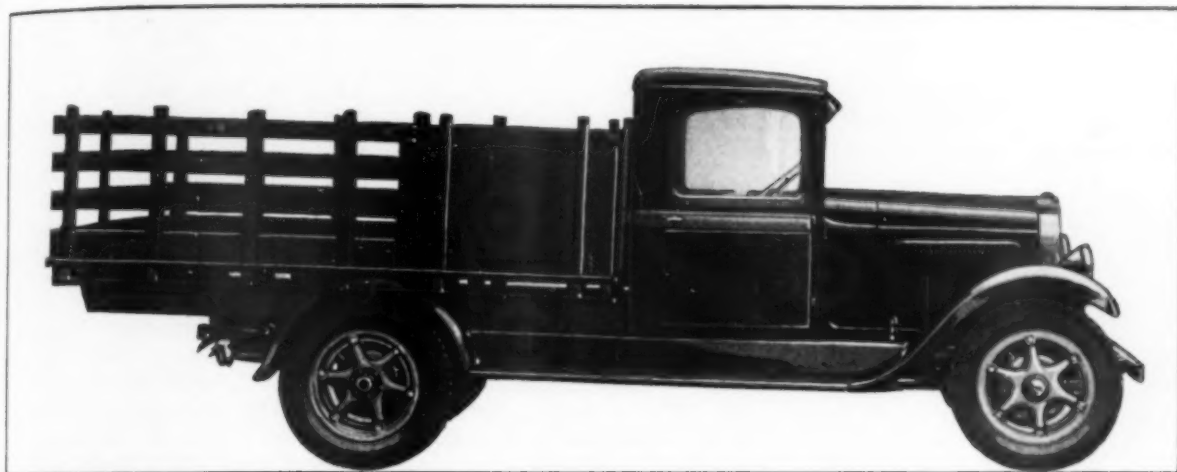
The one certain thing is that the consequences of failure, or of success, are bound to be of the greatest importance to business and agriculture this year and later. Practically every class of American citizen is involved in some way in the outcome of this experiment. It affects the ordinary free-lance farmer as well as the organized farmer; the vast business interests involved in the transportation, distribution, manufacture, and merchandising of farm products; the railroads, the automobile industry, and the shipping companies; consumers of farm products here and abroad; local and federal taxpayers; the great commodity exchanges; farm real estate interests, insurance companies, rural banks, and farm mortgage holders; and finally, the political parties and the legislatures, whose favorite football, the farm problem, will again be thrown into the arena for them to kick off for another play, if the board fails to get out of the mess it is in, or makes any drastic change of policy.

The board stands today practically without friends or believers, not even among those who sponsored it, and probably also not among the officials who are leaving it, or in the White House itself. Publicly only the cooperative officials and job-holders who have benefited by the funds it has dis-

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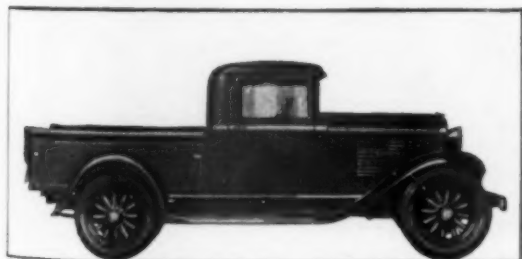
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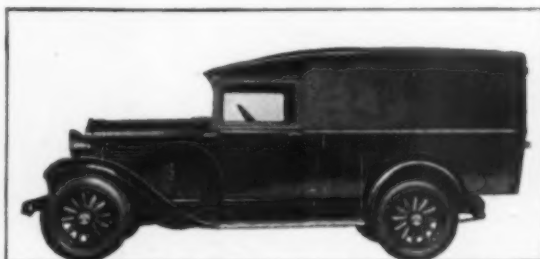
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**A BODY TYPE FOR EVERY BUSINESS NEED**

MARCH 11, 1931

39

pensed have a good word for it, and privately many of these have doubts about its value or permanence. The great mass of farmers who have not been brought within the circle of its co-operative machinery are indifferent, or blame it unjustly for the troubles the drastic price declines have brought them. The commission trades, textile manufacturers, millers, commodity exchanges, exporters, even the governments of foreign importing nations are arrayed against it, determined to obstruct or destroy. Only a board of supermen could bear up and function successfully, and only a Congress of fanatics driven by fearful political pressure could protect and preserve it against such antagonism.

Whichever way it now turns it will be damned in the eyes of vast groups.

## Europe Won't Try to Balance Itself on a Tariff Wall

EUROPEAN NEWS BUREAU (*Radio*)—If any broad conclusion may be drawn from the European grain conference which has concluded its sessions in Paris, it is that discriminatory tariffs will not be an instrument to European economic consolidation other than as applied within possible future regional federations. In all, 34 European countries attended these conferences. With the exception of Russia, not invited, only 3 minor states were absent.

Immediate objective of the meeting was to devise some means of absorbing existing Eastern European grain surpluses, with the ulterior motive of formulating some permanent basic policies designed to promote regular absorption of these perennial surpluses in the future. Beneath these specific objectives, as applied to grain, lies the problem of general economic equalization between agriculturally rich, but undeveloped, Eastern European countries which are potential markets for industrial products, and agriculturally deficient, but industrially highly developed, Western European markets. This, however, must be done without aggravating inter-European political rivalries, without discriminating against and antagonizing overseas interests.

Briefly summarized, the outstanding conclusions of the conference are: (1) Without Russian adherence to any inter-European marketing agreement and without the consent of overseas in-

If it hews to the lines laid down for it in the law, as it has done, though with doubtful discretion, the taxpayers will balk at the cost and the private trades will cry for its blood. If it retraces its steps, leaves the vast structure of co-operative machinery and stabilization operations floated on government funds to sink or swim, the farmers will cry betrayal and spur the politicians to impose new impossibilities upon it. In neither case will the solution of the agricultural problem be brought a single step nearer, which is what both agriculture and business are most interested in. Why this is so will be clearer as the nature of the problem, the past policies and present position of the Farm Board, and the possible lines of action open to it are examined in some detail in subsequent articles.

of equal competitive efficiency with overseas suppliers;

(3) Deficient quality, deficient organization, deficient storage and transportation equipment, deficient credit facilities—these the conference found to be among the basic causes of recurrent Eastern crop congestion. Correction of these deficiencies constitutes the principal positive recommendation of the conference.

It would be a mistake to judge from these more or less academic conclusions that the conferences have been without any practical value. In part they have served the purpose of a preliminary European get-together, preparatory to the opening of the world wheat conference in Rome this month. As a matter of fact, the finding body of the conference has collated the European picture and as an advisory body has declared against controversial preferential tariff proposals. To point to more immediate practical results, there is the proposed inter-European agricultural mortgage bank which already has taken rough outline, is designed primarily to serve Eastern Europe's acute need for agricultural capital and now will be encouraged by the unanimous indorsement of the Paris conference.

Similarly, recent conferences for the endorsement of joint efforts by Eastern European countries to coordinate their agricultural marketing policies and

terests to inter-European preferential tariffs (discriminating against them), little or nothing can be done through international agreements

(2) If Europe's self-sufficiency in foodstuffs can be increased at all, the solution lies, not in any discriminatory protectionism, but in the development



*European News Bureau*

### THE EUROPEAN AGRICULTURAL CONFERENCE

Delegates from 34 countries attended; only Albania, Portugal, Lithuania and Russia were absent. Under the clock sits the wily Briand, who presided



develop more adequate storage and transportation facilities will encourage Western capital to support these efforts of self-help with the necessary financing.

Although the plea of Eastern European countries for tariffs giving preference to European grain on European markets was rejected, there was manifest a wide disposition to extend to Eastern Europe such facilities as can smooth the marketing of Danubian crops, but which won't conflict with existing treaty obligations or raise cries of discrimination from overseas.

#### Fact-Finding Results

Fact-finding activities were among the interesting features of the conference's sittings. Most salient results:

- (1) Total European grain production has not yet been restored to prewar levels. Unmarketable local surpluses, consequently, are not a part of existing world overproduction but a consequence primarily of the breakup of the former Austro-Hungarian empire, the closing off of previous outlets, the competitive inefficiency of Eastern Europe both in point of production and marketing;
- (2) The bulk of Western Europe's wheat requirements are for hard wheat, Eastern Europe's for the soft variety;
- (3) Existing grain surpluses in the interior of Europe are chiefly barley and corn; wheat surpluses are practically negligible. Even were the total of the usual surpluses regularly absorbed, 80% to 90% of European requirements would still remain unsatisfied and dependent on overseas supplies (in so far as new outlets for Eastern European grain failed to stimulate increased production).

#### Specific Recommendations:

- (1) Possible reduction of freight rates in transit and importing countries (though only a small part of Eastern Europe's crops move by rail, the bulk going by river and ocean);
- (2) Better tapping of Western low-cost capital markets and introduction of warehouse receipts; possibly also the introduction of negotiable bills of lading to provide more ample and flexible instruments for short-term credit;
- (3) Better adaptation of wheat grown to requirements of consuming countries; better grading and control of quality;
- (4) Endorsement of joint marketing efforts, already undertaken by Eastern European countries;
- (5) Endorsement of the proposed international agricultural bank;
- (6) Desirability of having Russia invited to the next conference.



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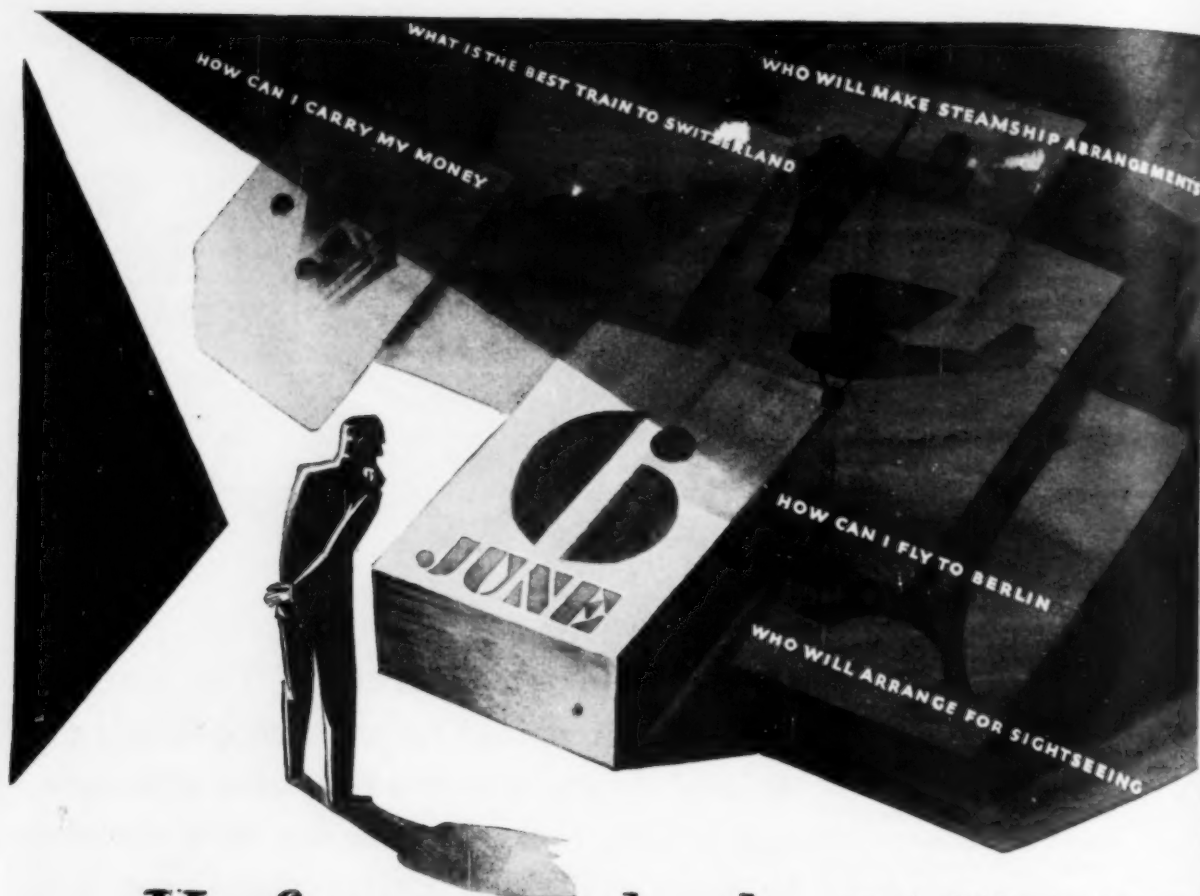
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light broke through. He gathered up a hat-full of pencilled slips of paper. "Here," he said to his secretary, "take these and get answers."

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pensed have a good word for it, and privately many of these have doubts about its value or permanence. The great mass of farmers who have not been brought within the circle of its co-operative machinery are indifferent, or blame it unjustly for the troubles the drastic price declines have brought them. The commission trades, textile manufacturers, millers, commodity exchanges, exporters, even the governments of foreign importing nations are arrayed against it, determined to obstruct or destroy. Only a board of supermen could bear up and function successfully, and only a Congress of fanatics driven by fearful political pressure could protect and preserve it against such antagonism.

Whichever way it now turns it will be damned in the eyes of vast groups.

## Europe Won't Try to Balance Itself on a Tariff Wall

EUROPEAN NEWS BUREAU (*Radio*)—If any broad conclusion may be drawn from the European grain conference which has concluded its sessions in Paris, it is that discriminatory tariffs will not be an instrument to European economic consolidation other than as applied within possible future regional federations. In all, 34 European countries attended these conferences. With the exception of Russia, not invited, only 3 minor states were absent.

Immediate objective of the meeting was to devise some means of absorbing existing Eastern European grain surpluses, with the ulterior motive of formulating some permanent basic policies designed to promote regular absorption of these perennial surpluses in the future. Beneath these specific objectives, as applied to grain, lies the problem of general economic equalization between agriculturally rich, but undeveloped, Eastern European countries which are potential markets for industrial products, and agriculturally deficient, but industrially highly developed, Western European markets. This, however, must be done without aggravating inter-European political rivalries, without discriminating against and antagonizing overseas interests.

Briefly summarized, the outstanding conclusions of the conference are: (1) Without Russian adherence to any inter-European marketing agreement and without the consent of overseas in-

If it hews to the lines laid down for it in the law, as it has done, though with doubtful discretion, the taxpayers will balk at the cost and the private trades will cry for its blood. If it retraces its steps, leaves the vast structure of co-operative machinery and stabilization operations floated on government funds to sink or swim, the farmers will cry betrayal and spur the politicians to impose new impossibilities upon it. In neither case will the solution of the agricultural problem be brought a single step nearer, which is what both agriculture and business are most interested in. Why this is so will be clearer as the nature of the problem, the past policies and present position of the Farm Board, and the possible lines of action open to it are examined in some detail in subsequent articles.

of equal competitive efficiency with overseas suppliers;

(3) Deficient quality, deficient organization, deficient storage and transportation equipment, deficient credit facilities—these the conference found to be among the basic causes of recurrent Eastern crop congestion. Correction of these deficiencies constitutes the principal positive recommendation of the conference.

It would be a mistake to judge from these more or less academic conclusions that the conferences have been without any practical value. In part they have served the purpose of a preliminary European get-together, preparatory to the opening of the world wheat conference in Rome this month. As a matter of fact, the finding body of the conference has collated the European picture and as an advisory body has declared against controversial preferential tariff proposals. To point to more immediate practical results, there is the proposed inter-European agricultural mortgage bank which already has taken rough outline, is designed primarily to serve Eastern Europe's acute need for agricultural capital and now will be encouraged by the unanimous indorsement of the Paris conference.

Similarly, recent conferences for the endorsement of joint efforts by Eastern European countries to coordinate their agricultural marketing policies and

terests to inter-European preferential tariffs (discriminating against them), little or nothing can be done through international agreements

(2) If Europe's self-sufficiency in foodstuffs can be increased at all, the solution lies, not in any discriminatory protectionism, but in the development



*European News Bureau*

### THE EUROPEAN AGRICULTURAL CONFERENCE

*Delegates from 34 countries attended; only Albania, Portugal, Lithuania and Russia were absent. Under the clock sits the wily Briand, who presided*

develop more adequate storage and transportation facilities will encourage Western capital to support these efforts of self-help with the necessary financing.

Although the plea of Eastern European countries for tariffs giving preference to European grain on European markets was rejected, there was manifest a wide disposition to extend to Eastern Europe such facilities as can smooth the marketing of Danubian crops, but which won't conflict with existing treaty obligations or raise cries of discrimination from overseas.

#### Fact-Finding Results

Fact-finding activities were among the interesting features of the conference's sittings. Most salient results:

- (1) Total European grain production has not yet been restored to prewar levels. Unmarketable local surpluses, consequently, are not a part of existing world overproduction but a consequence primarily of the breakup of the former Austro-Hungarian empire, the closing off of previous outlets, the competitive inefficiency of Eastern Europe both in point of production and marketing;
- (2) The bulk of Western Europe's wheat requirements are for hard wheat, Eastern Europe's for the soft variety;
- (3) Existing grain surpluses in the interior of Europe are chiefly barley and corn; wheat surpluses are practically negligible. Even were the total of the usual surpluses regularly absorbed, 80% to 90% of European requirements would still remain unsatisfied and dependent on overseas supplies (in so far as new outlets for Eastern European grain failed to stimulate increased production).

#### Specific Recommendations:

- (1) Possible reduction of freight rates in transit and importing countries (though only a small part of Eastern Europe's crops move by rail, the bulk going by river and ocean);
- (2) Better tapping of Western low-cost capital markets and introduction of warehouse receipts; possibly also the introduction of negotiable bills of lading to provide more ample and flexible instruments for short-term credit;
- (3) Better adaptation of wheat grown to requirements of consuming countries; better grading and control of quality;
- (4) Endorsement of joint marketing efforts, already undertaken by Eastern European countries;
- (5) Endorsement of the proposed international agricultural bank;
- (6) Desirability of having Russia invited to the next conference.



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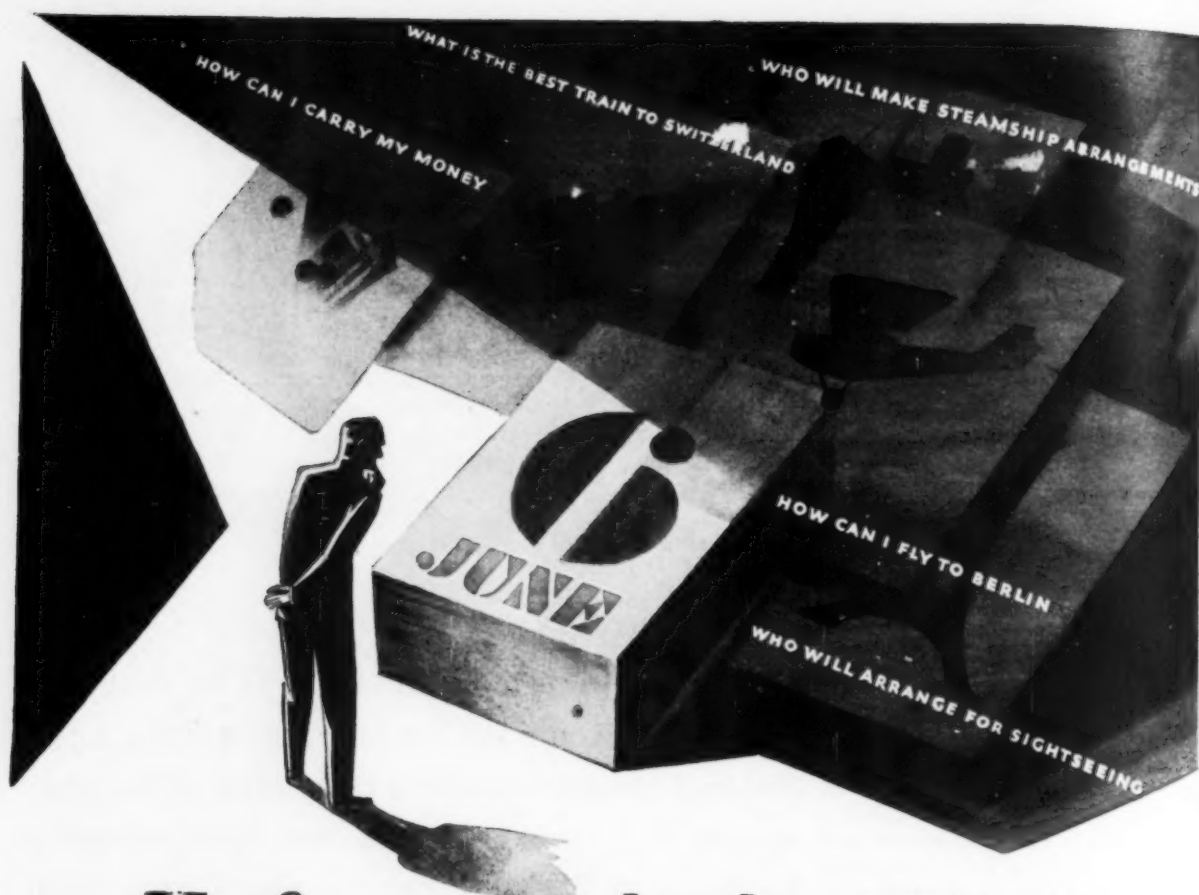
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# Swift Survey of Business Abroad

## EUROPE

EUROPEAN NEWS BUREAU (Radio)—Relatively speaking, the week's business news has been favorable almost without exception. The net volume of activity is increasing, prices are firm at higher levels, and the immediate horizon is clear. Leading European economists and bankers, however, express diametrically opposed views concerning the significance of this incipient improvement. It is merely seasonal, according to the pessimists; it is both seasonal and cyclical, say the optimists.

Basic commodities have held or increased recent gains and have now joined in the sharp price advance.

### Stocks Advance

Stock markets have brightened all over Europe. Bonds have advanced and the improvement of financial sentiment, it is hoped, is a forecast of early resumption of activity which was interrupted by January's unfavorable political outlook.

Apart from these barometric market trends, the week has been distinguished by a series of auspicious events, including the consummation of the Franco-Italian naval accord, agreement in the negotiations between Gandhi and the British Indian government, foundation, in Switzerland, of an important mortgage bank with wide international participation, enactment of the tin restriction scheme, renewed Anglo-Dutch collaboration for rubber regulation.

Against these internationally favorable trends stand local difficulties. There can be no hope for imminent revival in France where deflation is only beginning. England, although

among the first to respond to seasonal improvement, faces the problem of correcting a profound economic lack of equilibrium. Conditions in Germany have steadied perceptibly since the beginning of the year, but the country still is ostracized by the world's capital, and severely handicapped in inciting its own revival by disproportionately high money costs. Italy is more or less in a state of suspension, with little danger of further material recession, but with equally small prospect of any appreciable improvement. Spain reports that an agreement has been reached with the International Bank for the stabilization of the peseta, but this is not yet officially announced from Basle. All Eastern European countries are suffering agriculturally and from capital stringency, but judging from the many individual loans under negotiation and the erection of financial machinery designed especially to act as capital conduits to this area, considerable development of unrealized resources is in prospect in the next few years.

To help Swiss cattle-breeders export their cattle, the Swiss Federal Grain Administration is at present considering the possibility of establishing a "wheat-for-cattle" clearing house to facilitate the exchange of Swiss cattle for wheat from the Balkan states (page 40).

### Prospect of Change Cheers British Business

LONDON (By Cable)—The better tone on all markets is due to the growing conviction that the slump has ended, to the Wall Street rally, and to the success of the British Industries Fair.

Orders still lag behind enquiries, but cotton is selling more printing and dyeing fabrics to South America, and rayon is increasing sales, both of acetate and viscose yarns and fabrics. The spring demand for iron and steel, however, is subnormal, with pig iron suffering because of competition from the imported Indian product. Welsh coal is in poor demand, with darkening prospects due to agitation caused by the French miners' demand for a limitation of imports to France. Shipping contraction on homeward freights has followed the fall in demand for grain cargoes. Commodity recovery continues, with some irregularity in base metals.

### Signs of the Times

Stock markets have rallied on expectation of a change in government and because of the encouraging result of conversations of the Anglo-French treasuries. The reduction in the price of gasoline by 2d a gallon (forecast by *The Business Week* in December), and the reduction on Dunlop tires 1y 7½% were well received, but there is every expectation of a higher gasoline tax in the next budget.

The industries fair showed an increase in overseas buyers of 25% over last year, the cotton section booking orders valued at \$25 millions, and the machinery section orders worth \$100 millions. Lancashire unemployment is the lowest since December, with a decrease for the week of 11,000.

The prestige of the Labor government was hit by the resignation of Minister Trevelyan, and the revolt of Sir Oswald Mosley. The Mosley campaign to form a new party is still ineffective but it may gain strength.



### RUSSIAN GRAIN CHOKES ROTTERDAM

With all elevators filled, row on row of idle Rhine barges are used as floating granaries. Some 300,000 tons of grain are in the port, more than half of it afloat. Most of this is Russian. Wheat and rye are barred by Germany; all grains by the Dutch Farmers' Cooperatives. After a year, and in spite of protests, the Central Bureau of the cooperatives has lifted the boycott. Shortage of Danube grains and possible price concessions are among the reasons. In the background are ocean-going vessels laid up for lack of cargoes.

*The Business Week—European News Bureau*

The country mistrusts him, dislikes the policy of import boards, and the idea of government control of industry. Abandonment of the Trade Disputes Bill has increased political uncertainty, has led prophets to predict a change in government during the month. Hope that a new government is imminent has strengthened the position of gildedgeds and cheered business with the thought it may still avoid the Snowden budget and the flight of capital to Wall Street.

### Why Rubber Plans Fail

The visit of the Dutch rubber committee to London to discuss restriction with the Rubber Growers Association was reflected in the rise by a halfpenny in the price of the commodity and in the upward turn of shares. There is a general feeling in the rubber market against any new restriction proposals, because the schemes are uneconomic owing to the cost of supervision and inspection, and their doubtful efficiency because of the native habit of storing rubber, only to unload it the moment prices rise.

The railway wage decision is expected this week. The owners promise acceptance, but unions reserve their decision. Home rails advanced on the stock market in anticipation that a wage cut will be allowed.

### French Business Lags, Anticipates Italian Loan

PARIS (By Radio)—Business conditions reflect none of the incipient seasonal improvement reported in other countries. Statistical indicators register further declines. Reports of industrial difficulties multiply. The number of municipally-subsidized unemployed advanced 10% during the week. The Chamber has voted a \$4-million contribution to municipal relief funds, notwithstanding the government's plea of an already over-taxed treasury. The metal workers union has urged universal adoption of the 5-day week in order to stretch the available work.

Event of the year so far, is the consummation of Franco-Italian naval accord, brought about by British mediation. Hailed elsewhere as the removal of one of the most menacing sources of friction, reaction in France has been surprisingly lukewarm. The accord, nevertheless, has already revived rumors of a French loan to Italy. Political considerations aside, French bankers unquestionably would prefer



European News Bureau

### THE FRENCH AIR MAIL TO INDO-CHINA

*The first round trip between Marseilles and Saigon is completed. The hydroplane takes 12 days, saves 20 to 30*

Italy as a creditor to, for instance, the politically allied, but economically uncertain, Balkan countries with whom they are now negotiating. Italy appears to have no pressing need for foreign financing and, if at all disposed to consider foreign offers at this time, may be expected to be tempted only by exceptionally favorable terms.

Meanwhile the monumental French military budgets, just voted, are to stand. The total—ostensibly \$420 millions, of which the Navy gets \$153 millions—budgeted for military expenditures actually comes to \$760 millions, when, according to Socialist compilations, hidden expenditures—such as barracks (under public health) and trench systems (under agriculture)—are included. If economy is enabled by the new accord, the benefit will not be available before another year.

Restriction of trade relations with Russia are again agitated. France was among the heaviest losers from the Communist confiscations, and repudiation of foreign bonds. Though politically recognizing the Soviets, France, with Switzerland, has been the least disposed to resume intimate relations, and France today is the outstanding exception among the European countries in making no efforts to participate in Russian trade opportunities. Other

countries are tending to the opposite extreme, in some instances assuming credit risks which—as happened in the United States during the postwar export boom—they are not prepared to grant to domestic clients.

In October last year, Russian imports were subjected to certificates of origin and other administrative red-tape designed to throttle alleged Russian dumping, primarily of flax, timber, and grain. The throttle proved ineffective. Imports continued to enter, some, it is alleged, under false certificates, of which Belgium also complained. From current declarations by both the Ministers of Commerce and Agriculture it appears that further restrictions on Russian sales are imminent, but with no prospect of an actual boycott, though agitation in the French Senate has influenced many to believe such a plan is probable.

### Seasonal, or Cyclical?

### German Business Disagrees

BERLIN (By Cable)—The prevailing uncertainty regarding the immediate business outlook which was strikingly illustrated last week by the contrasting views of 2 of the country's foremost industrial leaders, the presidents of

Siemens-Schuckert and of AEG, outstanding electrical companies, was further reflected by the optimistic note in the monthly report of the DDBank, (Deutsche Bank und Disconto Gesellschaft) as opposed to the more pessimistic tone of the report of Commerzbank (Commerz und Privatbank A.G.) warning of overestimation of the present firmness of the stock market.

The current report of the government bureau of business research shares the pessimistic views, and fails to see in the attenuated rate in the increase of unemployment other than a sign that the seasonal peak has been reached. While optimists pin their hopes on the maintained firmness of the stock (and, in part, the bond) markets, pessimists point to the fact that basic industries have reached new lows, especially coal and steel, with signs of a pickup still limited to a few consumers among those industries benefiting from the exceptional depletion of merchants' stocks.

The money market has moved as before, almost in complete isolation from other markets, with end of the month settlement occasioning a rise in call rates above 7%. One local factor is the unusual stringency at this time of year due to the withdrawal of considerable short term funds by Verkehrsbank, the private bank of the Reichsbahn (Federal Railway Company), due to the falling off of railway receipts during recent months. The Reichsbank gold holdings have been strengthened by the arrival of the fifth shipment of Soviet gold since the year-end, bringing the total purchases of Soviet gold by the Reichsbank to \$18 millions.

#### No Bond Issues

The capital market in February was stagnant without a single domestic bond issue, and only \$4 millions increase in stock capital compared with \$12 millions in January. Foreign loans in February totaled \$40 millions, of which \$22 millions were government credit financing of Reichsbahn shares.

The tariff authorization bill, announced in Schiele's speech last week and now brought before the Reichstag, grants to the government dictatorial powers to alter all import duties at its own discretion in "case of urgent economic necessity" and to put into effect, without ratification by the Reichstag, commercial treaties with foreign countries. This authorization giving the government a free hand in all tariff matters terminates March 31, 1932.

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American imports primarily affected by the imminent increase duty include lard (from \$14 to \$24 a ton).

The Reichstag committee, by a united Socialist-Communist vote, has adopted the resolution reestablishing the annual duty-free contingent of 50,000 tons of frozen meat, abolished last spring. The resolution passed owing to the absence of Nationalist and Agrarian opposition. For the time being, no practical significance attaches to the move since it is unlikely to pass the Reichsrat (upper chamber), but the vote is a serious defeat for the Brüning government and illustrates the dangerous dependence on the Socialist vote since the exodus of the Nationalist opposition.

The trade union delegation, named by President Hindenburg, has urged enforcement generally of the 40-hour week as the most effective means of fighting and equalizing the evils of unemployment. The government attitude is still negative. A new wage dispute is in sight in the northwestern steel industry. The present wage agreement terminates in September of this year. Following the failure of negotiations with the trade-unions to win their consent to an exceptional wage-cut of 20% for employees of the Meiderich-Ruhrort plant of Stahlverein (German Steel Trust), employers have now notified the trade unions that they will be forced to make new dismissals of personnel unless the unions agree to a downward revision of wage schedules prior to the termination of the present agreement.

#### Cotton Cartel

German cotton spinning, heretofore the only non-cartelized German industry, has adopted a tentative scheme for general curtailment of output for 6 weeks, effective March 16. Most mills are now working below 60% of capacity and will continue at the present rate. Those operating at from 60% to 70% of capacity will restrict to a maximum of 60%; those from 70% to 80% to restrict to 65%. Data indicating the probable effect on production are not yet available, but the move will undoubtedly result in restricting the consumption of cotton. Spindles making finer counts (above the seventies) and all those working for export, are exempt from the restriction. This leaves dangerous loopholes and, to a degree, jeopardizes the success of the plan. If the scheme stands successfully the 6 weeks' test, a permanent cartel agreement is likely to result.

## Latin Countries Try Price-Fixing to Aid Needy

WITH Peru's revolution resolving itself in the formation of a new government, business in Latin America is settling back to normal. Argentina and Uruguay are bright spots this week, with Chile holding up well, and Colombia making headway with legislation certain to improve the country's economic position.

To Argentina's laudable efforts to reduce prices is added this week a report that the Mexican government will set aside \$235,000 to buy necessities which will in turn be sold to the working and needy classes at cost.

#### Colombia's Oil Law

Colombia's oil bill, embodying regulatory legislation demanded by foreign operating companies before they will develop holdings in the country, has passed. Loans to the country are likely to be stimulated by this legislation.

Exchange in Brazil continues to sag, but there is a slow but steady recovery of Argentine and Uruguayan exchange. At his inauguration on March 1, Dr. Gabriel Terra, new president of Uruguay, announced a program of highway construction, and development of the country's hydroelectric power, with the possibility of seeking a foreign loan, as soon as the money market improves, to help finance these improvements.

Nearly \$7 millions in Argentine gold is coming to the United States, \$2,906,150 to the Irving Trust, and \$4 millions to the Central Hanover, banks in New York.

Commerce between Porto Rico and the United States last year increased \$20 millions. Shipments to Porto Rico were down, to the United States up. The island's sales to the United States totaled \$99,880,000. Increased shipments included sugar, molasses and fruit. Principal purchases from the United States—which totaled \$78,127,000—included meat, lard, leather and cotton manufactures, and rice.

## Business in Japan Steady but Featureless

JAPAN's business outlook is again featureless. The price of raw silk has dropped back after last week's gain, but cotton and cotton yarns show further improvement. Stocks are up.

Foreign trade during the last 10 days of February showed an import excess of only \$375,000.

## France Holds the Key To the New Credit Bank

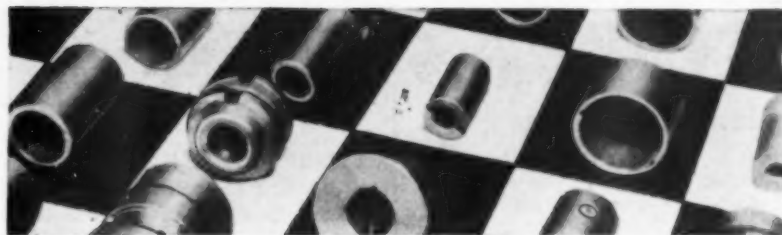
EUROPEAN NEWS BUREAU (Radio)—Europe is to have another international credit bank. Directors of the Bank for International Settlements advocate it. Basle probably will be its home. Montagu Norman, governor of the Bank of England, is its spokesman, but not its author. Its purpose is to facilitate the flow of capital from Western to Eastern and Central Europe, but by its international character to avoid narrow political enmities or alliances.

Europeans generally believe the proposal is designed to attract particularly French investors who are reluctant to subscribe to national foreign bonds but who theoretically are expected to respond if these are internationalized and neutralized. Paris bankers, however, have received the proposal coldly. In part, this is due to hostility to a new competitor, in part to the belief that French investors will not relinquish control over utilization of their funds.

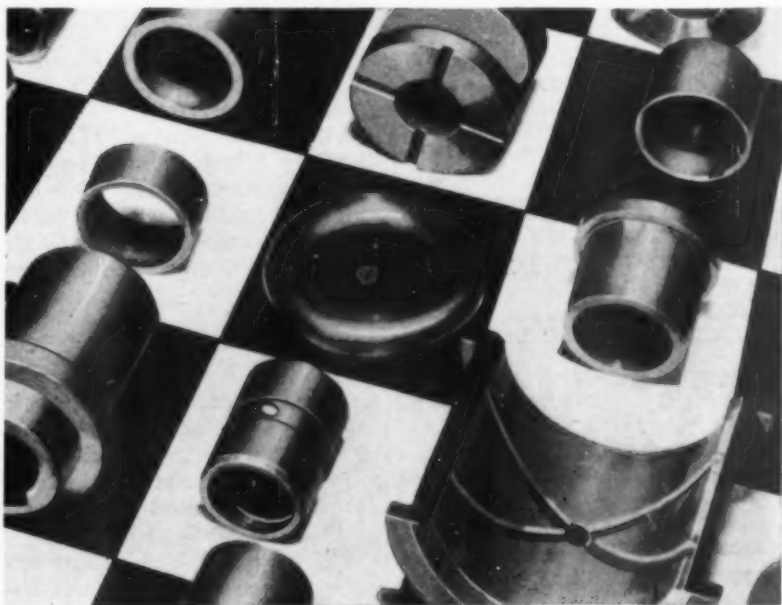
London approves the creation of machinery for long-term export credits, a function the BIS is not set up to handle. Bankers are still dubious of the expediency of the move, fear French political jealousies and business rivalry in various countries will create obstacles. Although initiative for the move must come from the central banks, later participation by private banks is considered essential. Everything seems to depend on the ability of the French administration to resist and overcome political and business opposition.

### The International Bank

Coincidental with this proposal is the important move already taken in the same direction through the foundation in Switzerland of The International Mortgage Bank. Initially capitalized at \$5 millions, its statutes authorize the issue of its own bonds up to \$50 millions. The importance of the institution is suggested by the participants, which include The Chase National Bank and Lee, Higginson & Co., through their London and Paris subsidiaries; Kreuger & Toll Co.; Lazard Frères; and 2 groups of leading Swiss German banks. The latter—representing not less than 30% of total subscriptions—include the great central German Mortgage Bank, which, it will be recalled, initiated the move for the concentration of German mortgage banks a year ago and whose present portfolio, valued now at \$750 millions, represents nearly one-half of the outstanding private mortgages in Germany.



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## How Europe Handles Russian Credit Demands

EUROPEAN NEWS BUREAU—Business men are studying terms of payment announced on several new Russian orders placed in Europe.

One of Great Britain's leading electrical companies has concluded a contract for more than \$2 millions, with 20% cash payment on delivery of at least one-fifth of total order, 10% and 15% up to 60 months, interest at 7%.

A British boiler-making company, with a contract for \$2½ millions, is demanding 25% cash from the Soviets, 20% in 12 months, 15% in 24, 36, and 48 months, balance of 10% in 54 months. Interest is 6%.

A \$2½-million Soviet order for textile machinery placed with an important British company, calls for 10% cash, 10% in 12 months, 20% in 24 months, 20% in 36 months, 15% in 48 months, the final 25% in 54 months, with interest at 6%.

### Price Includes Risk

In each of these cases, the manufacturers, to counter the excessive risks, are said to have added a considerable percentage to the selling price. It is to be remembered also that the British government guarantees export credits to the Soviet usually up to 60%.

Welcomed by Poland, though terms are not announced, is the order from Moscow for 70,000 tons of steel, which will keep the Polish-Silesian industry busy for a time. The order was placed rather suddenly to avert the necessity of discharging workmen in Soviet factories because the Soviet steel industry is not producing to schedule (*The Business Week*, March 4).

According to German press sources, the Russo-Italian agreement, signed last fall, never published or even officially announced, calls for the placing of Russian orders in Italy for nearly \$10 millions during the first year; of this amount, \$2½ millions were for ships. Current reports state that the Soviets are negotiating contracts for three 6,000-ton vessels to be built in Trieste and Genoa, but that final agreement is being held up by abnormally long credit demands.

Norway does a fair business with the Soviets, and a study of credit conditions in the 1930 trade reveals that three-fourths of the outstanding credit to industry is covered by government

guarantee. A recent press report stated that the Soviets are at the moment negotiating with Norway for delivery of 9,000 tons of aluminum, of which 1,500 are for immediate delivery. The Norwegian industry is a subsidiary of Aluminium, Ltd., Canadian company.

## Canada's Russian Embargo May Boost Our Exports

OTTAWA (*Special Correspondence*)—Opposition to communism is the ground on which Canada, through the Bennett government, has severed trade relations with Soviet Russia, prohibiting imports of coal, pulpwood, lumber of all kinds, asbestos, and furs. The government has stated officially that it is satisfied that some of the imports from Russia are produced by forced labor, that "importation of these products is not in the national interest."

Action was taken immediately. The offer, made last week to the Canadian government by the Soviets through Colonel Herbert Mackie, to place with Canadian firms orders for \$10 millions of equipment (largely agricultural machinery) if Canada would accept about one-third payment in Soviet anthracite, the balance in gold, is terminated with the embargo.

Canada's embargo on Soviet products may boost American exports to both countries. Pennsylvania anthracite probably will displace to some extent the 292,000 tons of Russian anthracite imported by the Dominion last year. Canada's forfeited \$10 millions in machinery orders may come here.

### Helps American Coal

Though Canada mines more than 17 million tons of coal annually, none is anthracite. In 1929, imports of British anthracite totaled 721,601 tons, of American, nearly 3 million tons. Russian anthracite imports were only 117,404.

The Canadian embargo removes any possibility that Russian pulpwood barred from the United States recently by Treasury order, pending court test, might come in via Canada. Direct imports of Russian pulpwood totalled only 174,686 cords last year, but an un-



known amount, sold and transshipped at Sorel, Quebec, came in as Canadian pulpwood.

## Russia Aims to Invade World's Coal Markets

EUROPEAN NEWS BUREAU (Cable)—Mavor & Coulson, important Glasgow manufacturers of mining machinery, have won, with low prices and long credit terms, a Soviet order for 250 coal cutters, to cost nearly \$½ million. Definite terms are not revealed.

The British attribute this large purchase at this time to the belated attempt of the Soviets to reduce coal mining costs to the levels prevailing in other countries. In England it is generally considered that Russian pithead costs are \$1.20 above the British. Though Soviet rail and dock facilities are also poor, the Russians plan to undersell Polish and British coal in Scandinavia and Italy and, by transporting coal from the Don Basin to Vladivostok, to gain a footing in the Pacific and Indian ocean coaling trade.

Russia's annual coal output of 50 million tons (one-fifth of Britain's annual output) is insufficient for the country's own needs, but the Five-Year Plan calls for a certain amount of coal exports to create foreign credit.

## European Rails Electrify While Costs Are Down

EUROPEAN NEWS BUREAU—Germany and Sweden have announced railroad electrification projects to absorb unemployed workers and take advantage of prevailing low prices.

Sweden's project is the more extensive. More than 975 miles of line will be electrified, including the trunk line between Stockholm and the port of Malmo in the south. Total cost will exceed \$18 millions, toward which the government has already appropriated \$6 millions. The work will require nearly 3 years.

Contracts have been concluded with the suppliers of electric power. The government water power is to supply current for the transformer stations at Norrköping and Mjölby; Sydsvenska Kraft Aktiebolaget of Malmo, for those at Malmo, Hassleholm, Alvesta, and Nassjö. Roughly the price is 0.589¢ per kwh.

Contracts have already been placed with Allmänna Svenska Elektriska Aktiebolaget for 96 electric locomotives

# An Idea That Has Saved Millions

CORD tires replaced fabrics; balloons replaced high pressure tires. In building construction partitions built of everlasting metal in standard interchangeable units are being used instead of partitions made of destructible materials.

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The reason is altogether logical. Re-arranging offices in the old-fashioned way cost, according to a Building Managers Association survey, \$15,000,000 a year, a large part of which is saved with Mills Metal Interchangeable Partitions.

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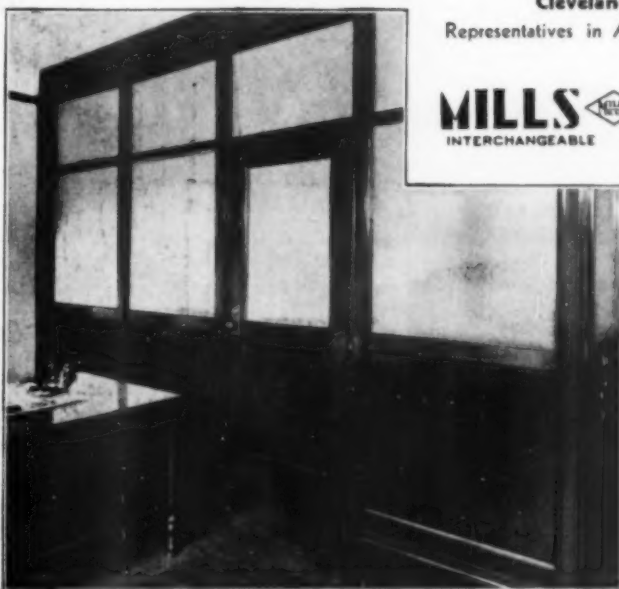
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Subdividing partition of Mills Metal. The door may be replaced with a panel, the size of the room changed as desired. Glass may be of any type of glass or steel as desired.



No investment is more important than your investment in insurance. Careful buying will assure safety and satisfaction in real protection at proper cost.

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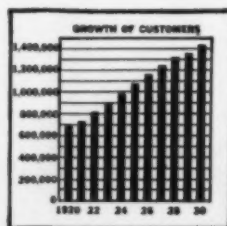
CENTRAL'S  
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SINCE 1921  
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Customers  
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**T**HE Associated System now serves 1,428,318 customers in 26 States, Canada, and the Philippines.

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Addition of three popular appliances, radio, range, and refrigerator, increases use of electricity in the average home by nearly 400%. During 1930 the Associated System sold 24% more electric and gas appliances than in 1929.



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and 6 transformer stations to cost \$33 millions; with 3 important electrical equipment manufacturers for 4,000 tons of wire and other material; with Aktiebolaget Lindholmen-Motala for 30 locomotives to cost \$750,000.

Germany's project calls for electrification of the 115 miles of line between Augsburg and Stuttgart, cost \$12 millions; is expected to keep 10,000 men busy for 18 months; will bring electrified lines in Germany up to 3% of total railroad mileage.

A consortium of 4 of Germany's leading electrical firms—Siemens, AEG, Bergman, and Brown-Boveri—are advancing the Federal Railways Co. credit to cover installation cost. The Reich will pay interest on the advance until profits enable the Federal Railways to carry the responsibility.

## Tin Restrictions Face A Dubious Future

**LONDON (By Cable)**—The London market welcomed with a new price advance the final tin restriction agreement, made for 2 years beginning March 1, establishing the basic world tonnage at 145,000 tons, whereof the initial quotas of the 4 participating countries total 125,700 tons. But opinion is divided as to whether the agreed restriction will suffice.

About 13% of world's tin production remains outside the agreement—in Siam (whose 1930 production was 11,100 tons), in China (6,200 tons), Australia (1,800 tons), Burma (1,400 tons), the Congo (1,100 tons).

If world production in 1931 is to be kept within the 145,000-ton limit, the aggregate output of the outsiders must not exceed 20,000 tons, a sacrifice of not less than 33% of 1930 output, of 42% of 1929 output; whereas the partners in the agreement undertake only a 22% of the 1929 total, 27% of potential capacity. The outsiders are more likely to endeavor to benefit by the anticipated price recovery by increasing their production.

It is felt by no means certain that the participating governments will be able to maintain their own restrictions over the 2-year period. The Malay States, largest single participant, must struggle with a multiplicity of small Chinese-operated mines. Bolivia and Nigeria must resist temptation in face of shrunken government revenues. Even the wealthy Dutch-Indian government depends heavily upon revenues from the tin industry.

# What the Figures Show

THOUGH the adjournment of Congress is hailed as an aid to business activity, it remains to be seen whether March will produce the more than seasonal gains so far lacking. *The Business Week* index for the closing week of February shows little change from the preceding week, but continues the slightly downward trend of recent weeks. The preliminary figure of 77.4% compares with the revised figure of 77.8% for the period ending Feb. 21 and 95.4% a year ago.

## Steel Still Slow

Though the steel industry reports a slow seasonal increase in activity, leaders point out that a rate representing little more than half of the industry's potential production is not profitable under prevailing low price schedules. According to Dow, Jones, a rate of over 53% of capacity was reached as March opens against 52% the preceding week, 79% a year ago, and 93% in 1929. When adjusted for the usual expansion that ordinarily occurs in the spring, the index of steel ingot output shows no change from the 66% of normal level reached the preceding week. The increase in the operating rate this week contrasts with a year ago, when the decline set in rapidly after February. The increase represents largely an accumulation of small orders from miscellaneous sources scheduled for prompt shipment.

Reports are current that the backlogs of the U. S. Steel Corp. at the close of February will show the first decrease compared with January since 1927, but the *Iron Age* stresses the flow of shipments as more significant than the increase of contract obligations. The reports of fabricated structural steel shipments and bookings indicate an excess of shipments with rare exceptions since February, 1930.

Some forward buying from railroads and tin plate sources is still apparent, though January saw the bulk of such orders. Line pipe, structural and automobile steels are likely to provide material for the next wave of forward commitments, while other consumers will adhere to a hand-to-mouth policy unless forced to change tactics by a strengthening of steel prices or by an extension of mill deliveries. An increase of six blast furnaces in operation since Feb. 1, together with a 10% increase in the daily rate of pig iron production is regarded as favorable. But tonnage for the month was the smallest since 1922.

THE BUSINESS WEEK INDEX OF GENERAL ACTIVITY.....			
	Latest Week	Preceding Week	Year Ago
<b>Production</b>			
Steel Mill Operation (% capacity).....	53	52	79
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis).....	\$10,510	\$9,660	\$14,412
Bituminous Coal (daily average, 1,000 tons).....	*1,319	†1,369	1,613
Petroleum (daily average, 1,000 bbls.).....	2,101	2,165	2,624
Total Electric Power (millions K. W. H.)....	1,628	1,680	1,723
<b>Trade</b>			
Car Loadings (daily average, all classes, 1,000 cars).....	119	120	150
Check Payments (outside N. Y. City, millions).....	\$3,801	\$4,309	\$4,967
Money in Circulation (daily average, millions).....	\$4,596	\$4,590	\$4,548
Wheat Receipts (1,000 bushels).....	7,715	7,698	4,190
Cotton Receipts (1,000 bales).....	135	157	113
Cattle Receipts (1,000 head).....	128	148	146
Hog Receipts (1,000 head).....	555	598	570
Wool Receipts (1,000 lbs.).....	4,751	8,494	7,432
<b>Prices (Average for the Week)</b>			
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$ .70	\$ .69	\$1.12
Cotton (middling, New York, lb.).....	.113	\$ .111	\$ .152
Iron and Steel ("Steel" composite, ton)....	\$31.61	\$31.61	\$35.12
Copper (electrolytic, lb.) f. o. b. refinery....	\$ .102	\$ .100	\$ .178
All Commodities (Fisher's Index, 1926-100)...	75.8	75.8	91.9
<b>Finance</b>			
Total Loans and Discounts, Federal Reserve reporting member banks (millions).....	\$15,463	\$15,494	\$16,428
Commercial Loans, Federal Reserve reporting member banks (millions).....	\$8,150	\$8,169	\$8,787
Brokers' Loans, New York Federal Reserve member banks (millions).....	\$1,790	\$1,798	\$3,583
Federal Reserve System Ratio.....	84.1	84.1	79.8
Stocks Sold (N. Y. Stock Exchange, 1,000 shares) N. Y. Times.....	19,769	18,754	16,297
Stock Prices (N. Y. Times, average 50 stocks).....	\$169.34	\$165.10	\$222.15
Bonds Sold (N. Y. Stock Exchange, par value, thousands).....	\$38,542	\$47,006	\$47,557
Bond Prices (Dow, Jones, average 40 bonds).....	\$96.39	\$96.26	\$94.01
Interest Rates—Call Loans (daily average)...	1.5	1.5	4.4
Interest Rates—Time Loans (daily average)...	2-2½	1½-2	4½-4½
Business Failures (Dun, number).....	659	722	526
*Preliminary    †Revised			

Building construction for the month of February has shown more than a 3% increase over January, in spite of having four fewer business days. On a daily average basis a 22% increase is shown in total contracts awarded, while residential awards, forming a third of all contracts, show a 69% increase. Total value of residential contracts in February was 43% above January and 4% above February, 1930. Non-residential building, including commercial, industrial, and miscellaneous structures, also showed a slight improvement over that of the preceding month, though showing a 45% decline

from a year ago, the largest drop of any group. Public works and utilities shrank over 17% in dollar volume compared to January, though on a daily average basis the decline was only 2%. Our adjusted index of all construction based on the four preceding weeks increased sharply from 64% of normal for the period ending Feb. 20 to 67% for the period ending Feb. 27. Contracts awarded in the last week of February were more than adequate to offset the small total of the preceding week.

Bituminous coal production, fluctuating with shipping requirements and



sharply influencing the trend of car loadings, turned downward after the spurt for the week of Feb. 14, though the decline was not as sharp as that of anthracite. Our adjusted index of bituminous production moved slightly downward from 65% of normal to 64%. The report on retail coal consumption for November and December, 1930, shows a decrease of less than 10% compared with the same period of 1929, with an actual increase of 3% in the middle Atlantic states.

### Petroleum Problems

Crude oil output declined to the level at the close of January after a steady rise since the beginning of the year. Production control and price difficulties continue in the industry. Upon the announcement of an increase in Oklahoma's allowable output, a price reduction was announced by a subsidiary of Standard Oil of Indiana.

Consumption of electric power during the week of Feb. 28 was evidently influenced by the Washington holiday, which this year was observed on Monday, while a year ago the holiday fell on Saturday of the preceding week. Our adjusted index indicated a decline of greater than seasonal and holiday significance, and stands at 87% of normal, the lowest of the past two years.

Total car loadings for the week of Feb. 21 declined, due chiefly to large decreases in the coal and coke classifications. The two groups of miscellaneous and merchandise of less-than-carlot consignments showed a seasonal increase which left our adjusted index of these groups at 73% of normal.

Check payments in both large and small centers showed declines from the preceding week amounting to over 12%, influenced in part by the 5-day

week which prevailed in all districts and in part accounted for by the usual fortnightly fluctuation in this series. Our adjusted index declined sharply from 82% of normal to 79%.

Currency in circulation turned upward in regular seasonal form, which will probably be continued next week, followed by a downward trend to the end of the month of March. The volume of money in circulation during February averaged \$42 millions above that of a year ago, in spite of the decline in prices and payrolls. Our adjusted index for the closing week of February remains at the high level of 109% of normal against 110% the preceding week.

### Commodity Prices

The first of the monthly price indexes shows further, but slight, weakening in the general price level for February. The wheat market reacted unfavorably to the announcement of the Grain Stabilization Corp.'s proposal to sell not to exceed 35 million bushels of wheat abroad, presumably at prices below those prevailing in the United States, but comparable to those prevailing in foreign countries for equal grades. Shortage of storage space prompts the Farm Board to move a part of its holdings in seaboard elevators. Private estimates on wheat fed to livestock were lower than anticipated, though a 15¢ premium on wheat over corn is hardly conducive to wheat consumption.

Cotton prices continue to improve as foreign advices from India and China indicate a better political situation and firmness in silver. Sales of cotton by the Farm Board at prices below cost are said to be unlikely.

Though steel producers insist upon the necessity of increasing prices to

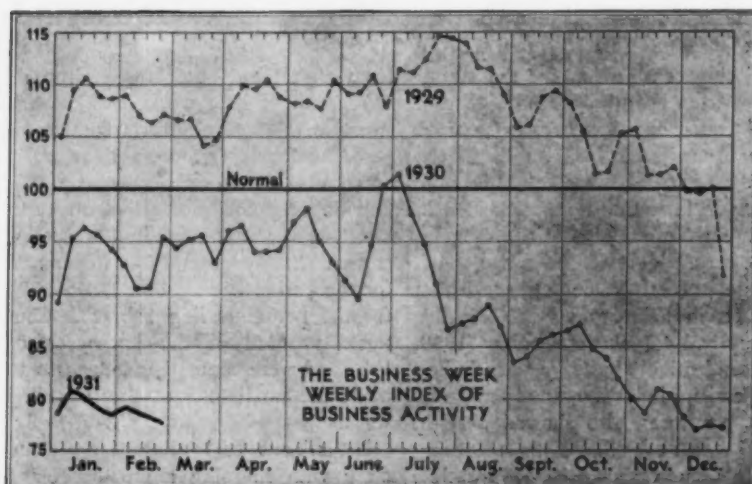
### The Index

The weekly index of general business activity, first of its kind, is compiled by *The Business Week* from 8 series of weekly figures—steel mill operations, building contracts, bituminous coal production, electric power output, non-bulk carloadings, check payments outside New York, commercial loans of reporting Federal Reserve member banks, and currency in circulation. It shows the current level of the average daily physical volume of business as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For further explanation see *The Business Week*, May 7, 1930, p. 39.

compensate for the additional burden of low operating ratios, their ability to do so in the face of modest demands for steel is uncertain. Price shadings have been prevalent, particularly in finished products. Copper sales have resulted in raising prices to 10½¢ delivered. Foreign buying of 60,000 tons during February and some improvement in domestic demand as a result of railroad electrification and demands of brass makers are aiding in the adjustment of the copper market. Demand for lead from automotive centers was fair, with prices unchanged. Tin is unsettled, despite favorable developments in the stabilization agreements. Gains in February tonnage of the metal are said to be the result of efforts to bring out metal before the plan becomes effective.

Commercial loans have declined steadily during February without giving evidence of the customary spring revival. With prices at prevailing levels, a smaller volume of loans is necessary to transact an equal volume of business compared with former years. Our adjusted index stands at 111% of normal, 112% the preceding week. Investments continue to rise, but not sufficiently to offset the decline in commercial and security loans.

The decline in failures compared with the preceding week is due largely to a short week resulting from the holiday observance. The total is still exceptionally high. February established a new high record for the month in number of defaults and, with two exceptions in 1921 and 1922, in amount of liabilities.



# Money and the Market

STOCKS experienced their second decline of the year this week, while money conditions remained about stationary and the bond market labored under the strain of largest operations in many months.

The drop in stocks is significant of a continued lack of support from business for the rally which lasted from mid-January to last week. While it still is too early to be sure that the rise is ended, the market is now experiencing the doubts that closest observers have felt for some weeks. During the critical period of this month and April either school of thought may be substantiated. Meanwhile, a goodly number are taking the profits resultant from the 15- to 20-point rise and will await more definite signs of the next move.

## Dividends Reduced

A torrent of dividend reductions assisted stocks downward this week, hitting the rail group especially. Managements which had held tenaciously to previous rates of distribution of profits in the hope that 1931 earnings would improve are already virtually certain of disagreeably poor first quarters. Among the many which cut their stockholders' returns were American Car & Foundry, General American Tank Car, Remington-Rand, United Carbon, Chicago Pneumatic Tool, Phillips Petroleum, North American Car, Lehigh Valley, Rock Island, Niles - Bement - Pond, Youngstown Sheet & Tube, and Postal Telegraph. Both large German steamship lines reduced dividends and the St. Louis-San Francisco railroad postponed

action. British stocks declined heavily on the notice of bankruptcy of a major brokerage house in Britain.

The technical position of the market, too, was weakened after the long run-up. Volume of sales was smaller than last week. Adjournment of Congress was favorable, but caused only a slight flurry, as it had been largely discounted in advance.

## Bonds Show Little Change

Bond prices made almost no move from last week's position as the market began the 2- or 3-week period of effect from major operations by the Treasury, discussed more fully on page 5 of this issue. With the \$1,400-million Treasury offer came \$100 millions by New York City and about \$90 millions from other sources. The actual transaction on the government issue will not occur until March 16. Yet the market already is under its influence.

The apparent ability of the market to absorb new issues of the amounts indicated is encouraging. But the Treasury and New York City issues, comprising the predominant portion, are gilt-edged securities and, if they cannot be absorbed, nothing could. In preparation for the distribution the volume of trading increased.

Municipal and utility issues were the most important offerings aside from the 2 large issues just noted. Philadelphia was in the market for \$15,000,000, San Francisco for \$1,250,000, and many smaller municipalities took lesser amounts. The first important stock issue of the year was floated by the Chicago District Electric Generating Co.

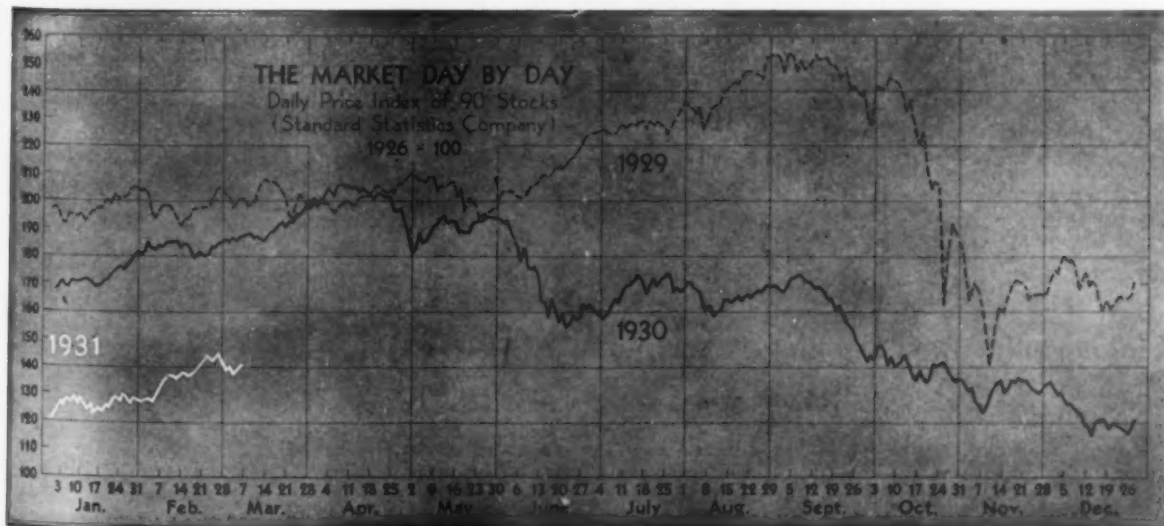
Foreign bonds staged an impressive recovery, continuing even more strongly the rally in progress during all of February. Considerably more favorable foreign news encourages this movement. Further, the foreign issues have not recovered nearly the percentage of values lost in the drop of late 1930 that domestic issues have, though the foreign group started downward first. The domestic average of 60 bonds by Standard Statistics Co. is within about a point of the 1930 high. Average of 40 foreign issues, compiled by Baker, Kellogg & Co., is about 7 points below the record high for 1930.

Money and credit showed little change. Brokers' loans dropped \$8 millions with the market decline, but the New York City banks continued to pour money into the call market, increasing their total this week by \$47 millions, while out-of-town banks and others withdrew funds. Liquidation of loans on securities direct to customers continued to decline.

## More Gold Arriving

The totals of member bank credit and of Federal Reserve credit were changed very little. Member bank investments rose slightly. The increase in the country's gold stock continued, with an addition of \$9 millions this week, more than \$6 millions of which were imports from Latin America, principally from Argentina. Money in circulation increased a little.

Money rates were virtually unchanged, though the call rate rose to 2%. Rates may fluctuate somewhat in the next 2 weeks due to government operations, and bank credit totals are certain to do so, but these probably will not indicate fundamental changes.



## Personally Known Investment Holdings

IT is important to investors to know that the management of Insull Utility Investments, Inc., and Corporation Securities Co. of Chicago, and the management of the public utility companies whose securities represent the major portion of their holdings, are under the same general direction.

This relationship is of great importance to the shareholders of Insull Utility Investments, Inc., and Corporation Securities Co. of Chicago. It places these two companies in the unique position of having intimate and first hand knowledge of the operating properties whose securities are held; at the same time it assures continuity of policy and management in the companies themselves.

Securities of Commonwealth Edison Company (Chicago), The Peoples Gas Light and Coke Company (Chicago), Middle West Utilities Company, Public Service Company of Northern Illinois, and Midland United Company, constitute directly or indirectly more than 90 per cent of the holdings of Insull Utility Investments, Inc., and Corporation Securities Co. of Chicago.

*Stocks of Insull Utility Investments, Inc., and Corporation Securities Co. of Chicago, are listed on The Chicago Stock Exchange and traded in on the New York Curb. Booklet BW6, describing these companies, and companies whose securities they hold will be sent on request.*

**Insull Utility Investments,  
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## Wide Reading

**NATIONAL PLANNING.** George Soule. *New Republic*, March 4. The problem of creating a brain for our economy. The case for central planning agencies.

**WHEN HUNGER FOLLOWED DROUGHT.** A. L. Schafer. *Survey Graphic*, March. Mass relief in 21 states—biggest relief operation this country has ever known in peace times.

**AUTOGIROS.** *Fortune*, March. As seen by the aviator, business man, engineer. Perhaps they provide the promise of safety which will stimulate mass flying.

**THE MAN BEHIND THE TICKET.** S. J. Woolf. *World's Work*, March. A sketch of Richard Whitney, president of the New York Stock Exchange.

**THE FUTURE OF THE TALL BUILDING.** Harvey Wiley Corbett. *Engineering News-Record*, Feb. 19. The tall building has proved its economic business efficiency. Changes in materials and their use will produce great economies in weight and a corresponding saving in cost; so will the use of prefabricated units that tend to make the building an assembly job.

**MAKING WAR ON THE GANGS.** Smedley D. Butler. *Forum*, March. A plan to take the police out of politics. Of special interest to the urbanite.

**DOLE-ITIS.** Charles Morris Mills. *Survey Graphic*, February. The dole in Germany and England. How it has worked; how much it has cost; benefits and drawbacks; problems it has caused. Thorough, penetrating, pertinent.

**FIFTY-SIX FUNCTIONS OF ADVERTISING TO INDUSTRY.** R. Bigelow Lockwood. *Printers' Ink*, Feb. 19. A list of the major needs that can be filled by advertising to industry when such advertising is carefully planned and properly directed.

**WHAT MAKES 'EM LAUGH.** Joe Cook. *American*, February. Cook says business men are all actors, that they are acting all the time though they would rather die than admit it, that their hours are too long for him—and them. Refreshing, with some practical philosophy for the T. B. M.

**THE FARMERS' WAY OUT.** Theodore G. Joslin. *World's Work*, February. A summary of the most approved ways out, with stress on cooperative evolution and cooperative marketing. Thorough, stimulating.

**A BILLION IDLE DOLLARS.** Bertram O. Moody. *American Bankers Association Journal*, February. Surplus held by corporations in excess of expectant needs casts a shadow of uncertainty over the financial situation. Corporations are liquid beyond reasonable needs and are unable to use profitably their great cash holdings.

**THE Cosmopolitan OF RAY LONG.** *Fortune*, March. The making of a magazine, with monthly budget sheet and popular contributors. Ray Long the guiding genius.

**ADVERTISING CAN ALTER THE NATIONAL APPETITE.** Frank George. *Printers' Ink Monthly*, March. Chart and story describing the changes in consumption of food products per person in the United States, 1909-1929. Sugar is up; cereals are down.

**HENRY FORD AND KARL MARX.** Howard Douglas Dozier. *Atlantic*, March. Contrasting theories which have brought strikingly similar results.

**WANING OF THE SMOKE-STACK ERA IN ADVERTISING.** Robert R. Updegraff. *Advertising & Selling*, Feb. 18. Publishers will have to look to distributors for advertising rather than to manufacturers. A glimpse into the future for agencies and publishers.

**WINDOWS.** A. Lawrence Kocher and Albert Frey. *Architectural Record*, February. Windows should be given sizes and proportions that are suitable to daylighting needs. Controversial theories. Interestingly illustrated.

**WIRE ENTANGLEMENTS.** L. B. N. Gnoedinger. *World's Work*, March. Western Union and I. T. & T. are engaged in a struggle for your cable and telegraphic business. Morgan is in the picture. The fight for supremacy interestingly told.

**THE AUSTRIAN INSTITUTE FOR BUSINESS CYCLE RESEARCH.** Carl T. Schmidt. *Journal of Political Economy*, February. Business research on a permanent basis in Austria.

**WHO BEARS THE BUSINESS RISKS?** William M. Leiserson. *Survey Graphic*, March. The wage-earner, not the investor. Should dividends be paid in years they are not earned?

## BOOKS

**STEAMING UP!** Earl Chapin May. Brewer & Warren, 298 pp., \$5. The biography of Samuel M. Vauclain—entertainingly told. Worthy of the attention of executives interested in the experiences and individuality of this "self-made" man.

**WORLD MINERALS AND WORLD POLITICS.** C. K. Leith. McGraw-Hill, 213 pp., \$2. Study of the relation of nations and continents to the productive reserve supplies, and possible future developments of resources.

**MAN MANAGEMENT IN CHAIN STORES.** H. R. Barnett. Harper, 252 pp., \$3.50. Employment, development, training programs, and handling of employees in chain stores. Of special interest to chain store executives and personnel managers.

**THE WORLD IN 2030.** The Earl of Birkenhead. Brewer & Warren, 208 pp., \$3. Speculative predictions dealing with the possible development of the world during the next 100 years.

**WHAT THE FIGURES MEAN.** Spencer B. Meredith. Financial Publishing Co., Boston, 78 pp., \$1.50. How to read the figures on balance sheets and income accounts. Valuable ratios for 32 industries. Brief, succinct, authoritative.

**FINANCING THE CONSUMER.** Evans Clark (Twentieth Century Fund) Harper, 358 pp., \$3.50. "Two generations ago America discovered mass production; scarcely one generation ago, mass distribution. In the present generation America is discovering mass finance." Instalment selling and small loan business, now totaling \$6600 millions a year, 17.4% of total volume of retail sales, described and analyzed.



## Letters

### A Canadian Branch

City of Joliette  
Province of Quebec  
Canada

To the Editor:

I was very much interested in reading your article in regard to branch industries of American plants located in Canada.

May I mention to you that in our own City, the General Conveyors Limited, a company formed by the Lamson Company of Syracuse, N. Y., the Pneumatic Tube Supply Company of Plainfield, N. J. and the American Pneumatic Service Company of New York, to take care of their Canadian business in pneumatic tube systems and other conveyors in general, located in Joliette last year and are now in operation.

Yours truly,

P. H. DESROSIERS,  
Industrial Commissioner

### Arkansas

Market Research Service  
Fort Smith, Ark.

To the Editor:

If possible, won't you have your reporter in this district get you the truth about conditions in Arkansas—especially in the northwest part of the state—and give us a little space? Arkansas is certainly a live subject these days. In the trade territory of this city, only 11.5% are on the Red Cross lists as compared with 28% of the state as a whole. In this district, if we eliminate the two counties where tenancy is about 60% and cotton practically the only crop, then only 6% are in need of aid. And frankly, I think there are about that many every year.

Thanking you for the pleasure and knowledge I get from your magazine and hoping business will pick up soon, so that I may be able to continue taking it, I am,

Very truly yours,

D. B. JOHNSON

### The Managerial Goat

Globe Furniture & Manufacturing Company  
Northville, Mich.

To the Editor:

That was a fine editorial of yours entitled "Limited Liability."

It has looked a good many times during the past few months as if the manager of this concern was the only villain about the place. Your editorial helps to make it clear that there are some things for which ordinary individuals, even though in a place of responsibility, cannot be charged with all the damage.

Very truly yours,

C. A. DOLPH,

President

### Lehigh Firm at 5c.

Lehigh-Portland Cement Co. announced on Feb. 2 that it would hold its annual service payment to dealers at 5c. a barrel, not 10c. as stated in the cement merchandising survey of our Mar. 4 issue.

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- motivation
- stock-ownership
- centralization vs. decentralization
- structure and task
- cross-contacts
- continuous re-organization
- planning and authority

# THE BUSINESS WEEK

*The Journal of Business News and Interpretation*

March 11, 1931

## Whose Fault?

THE sigh of relief that rises from the composite breast of American business as Congress adjourns this week is a melancholy sound, another chord in that dirge for democratic government which all nations have been playing against the caustic counterpoint of economic events in recent years.

Over the deep ground bass of communist and fascist dictatorship in Russia and Italy since the war we have heard this year the shrill flutes of Spanish and Latin-American military autocracy. The drum-roll of disguised dictatorship echoes through the German Reichstag deserted by the brown-shirted band of Hitlerites, and this week Sir Oswald Mosley's English horns sound a strident call to replace the parliamentary "talk-shop" with a work-shop of energetic action to meet the crisis which Britain faces.

Whatever the significance of this movement in the swift symphony of modern society, or the finale on which it may end, we cannot help wondering about the part that may be assigned to us and to American business in particular, in this solemn score. Are we to go on merely deploring the defects of democracy, bewailing its wastes and its burdens till we break under them and accept whatever accidental autocracy emergency imposes?

No one can say that now, at the end of two years of depression, with this country still in a crisis, there are no real problems of public importance for Congress to help solve, no kinds of constructive action for a representative government to take in the public interest.

Does anyone suppose that the questions of appropriating money for the relief of drought-stricken farmers in a few localities, the operation of a power plant in Tennessee, the granting of extra loans to a special class of citizens are paramount problems of general public interest? Yet after spending a regular session in petty political squabbles over these matters, Congress

adjourns for almost a year as though there were nothing more for it to do; and the country is glad of it, though still in the throes of depression and uncertain how soon it will emerge.

After all, the real reason for this expensive exhibition of futility is that business itself has been drifting, without any coherent, concerted, carefully-considered plan or policy, and therefore had none to offer to Congress.

Every country gets the kind of government it deserves. The relation of American business to government has been no less deplorable than the relation of government to business. In matters of broad economic policy the average American business man or industry acts in much the same way as the average congressman. Almost every question is still a "local issue" to business as it is to Congress.

Business cannot go on groaning and sighing about government and then imitating its deficiencies. It must face squarely the question of what it expects from government, what things government can and should do, what things it can't and shouldn't. And then it must organize its forces intelligently and nationally to see that those things which government should do in the public interest are done, and those things which business should do for itself are not left undone. Business should find no alibi in government, nor government in business.

This year, with Congress gone, is a great opportunity and challenge. Will American business seize it, plan in an organized, public-spirited way the lines of policy for the new Congress to follow in the things it should do; plan and act promptly itself on the things business should do, to meet the grave problems that face the country?

Or will it drift along between this week's sigh and next December's groan?

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